

Effect of Ease of Doing Business to Economic Growth among Selected Countries in Asia

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Abstract : Economic activity requires an encouraging regulatory environment and effective rules that are transparent and accessible to all. The World Bank has been publishing the annual Doing Business reports since 2004 to investigate the scope and manner of regulations that enhance business activity and those that constrain it. A streamlined business environment supporting the development of competitive small and medium enterprises (SMEs) may expand employment opportunities and improve the living conditions of low income households. Asia has emerged as one of the most attractive markets in the world. Economies in East Asia and the Pacific were among the most active in making it easier for local firms to do business. The study aimed to describe the ease of doing business and its effect to economic growth among selected economies in Asia for the year 2014. The study covered 29 economies in East Asia, Southeast Asia, South Asia and Middle Asia. Ease of doing business is measured by the Doing Business indicators (DBI) of the World Bank. The indicators cover ten aspects of the ease of doing business such as starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. In the study, Gross Domestic Product (GDP) was used as the proxy variable for economic growth. Descriptive research was the research design used. Graphical analysis was used to describe the income and doing business among selected economies. In addition, multiple regression was used to determine the effect of doing business to economic growth. The study presented the income among selected economies. The graph showed China has the highest income while Maldives produces the lowest and that observation were supported by gathered literatures. The study also presented the status of the ten indicators of doing business among selected economies. The graphs showed varying trends on how easy to start a business, deal with construction permits and to register property. Starting a business is easiest in Singapore followed by Hong Kong. The study found out that the variations in ease of doing business is explained by starting a business, dealing with construction permits and registering property. Moreover, an explanation of the regression result implies that a day increase in the average number of days it takes to complete a procedure will decrease the value of GDP in general. The research proposed inputs to policy which may increase the awareness of local government units of different economies on the simplification of the policies of the different components used in measuring doing business.

Keywords : doing business, economic growth, gross domestic product, Asia

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