



# Changes in the World Bank's New Business Environment Assessment System and Implications for China

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**Abstract.** A scientific and reasonable evaluation system is vital to the continuous optimization of the business environment. Through the analysis of the changes of the new World Bank business environment evaluation system, China should attach great importance to and strengthen compliance management, ESG management, and the application of big data technology in accordance with specific practices, aiming at the international advanced level. High emphasis on quantifiable, comparable, competitive and improved methods.

**Keywords:** business environment · index system · new changes

## 1 Introduction

In February 2022, in line with new trends in the development of global cities and enterprises, the World Bank abolished the “Doing Business” launched in 2001 and launched a new “Doing Business Assessment System”. In 2023, the World Bank will release the first global assessment report on the doing business environment of countries and key cities [1]. At present, since China’s business environment assessment policy documents and specific implementation are extended and adjusted on the basis of the abolished Business Environment Assessment System, faced with the change of the World Bank’s “template”, China urgently needs to rebuild the business environment assessment index system and policy measures based on the World Bank’s “business-friendly Environment indicator system”. This is more conducive to attracting foreign investment and multinational companies.

## 2 Literature Review

### 2.1 Academic History of Related Research and Research Trends

The term “Doing Business” originated from the “Doing Business” project of the World Bank’s International Finance Corporation, which was started in 2002 [2]. The research on “business environment” focuses on the evaluation system of business environment index. These include the Doing Business Report issued by the World Bank Group, the

World Investment Report issued by the United Nations Conference on Trade and Development, and the Global Competitiveness Report issued by the International School of Management in Lausanne, Switzerland, among which the World Bank's Doing Business evaluation system has the most influence [3]. In February 2022, The World Bank announced that BEE (Business Enabling Environment) replaces the original assessment method of Business environment. In April 2023, the new assessment system of Business environment of the World Bank was officially named B-READY (Business Ready). The new evaluation indicators in B-READY are designed from the perspective of the whole life cycle of the enterprise, with the daily operation as the core, and 10 first-level indicators and 30 second-level indicators are set up around the whole life cycle of the enterprise.

On the other hand, academic research on business environment focuses on: interpretation of World Bank indicators (Song Linlin et al., 2018; Lou Chengwu, 2018; Cui Xinsheng, 2020; Kose Min, 2021; Zhang Qinyu, 2021; Many Qi, 2022; Luo Peixin, 2023), Interpretation of Marketization, legalization and international business environment (Song Linlin et al., 2020; Research Group of Chinese Society of Public Administration, 2021; Li Zhijun et al., 2023), Problems and countermeasures of business environment in a certain region (Zhang Wei, 2017; Lin Mengyao, 2019; Zhang Sanbao, 2020; Li Zhijun et al., 2021; Hu Zigen, 2022), The Relationship between business environment and Economic Development (Shao Chuanlin, 2021; Zhang Rui et al., 2021; Luo Binyuan et al., 2022; Guo Fei et al., 2022), but in general, there is a lack of influential heavyweight research results.

## **2.2 Literature Review**

To sum up, the current academic research on business environment mainly focuses on the construction of evaluation system, while the research on other aspects is lack of comprehensive and systematic. Due to the lack of theoretical framework, data shortage and empirical research, the depth and breadth of the research are limited. Timely interpretation of the changes in the World Bank's new business environment indicator system and relevant suggestions on further optimizing the business environment in China are of great significance to promoting high-quality economic development in China [4].

## **3 Specific Changes in B-Ready and DB**

### **3.1 Expand the Perspective of Evaluation**

The new version of the evaluation system from a single small and medium-sized enterprise business convenience perspective, to the development of the whole industry from the perspective of assessment.

### **3.2 Update the Index System**

In the past, an evaluation system was established according to the full life cycle of enterprises from start-up to bankruptcy, including 10 scoring indicators such as starting

a business, applying for construction permits and obtaining electricity, as well as two observation indicators including labor market regulation and public procurement. The indicators of the new evaluation system are still under development and will include enterprise access, access to business sites, access to municipal public services, employment of labor, financial services, international trade, tax payment, dispute resolution, promotion of market competition, handling of bankruptcy and other indicators.

### **3.3 The Assessment Focus is Different**

In the past, business regulations were the main concern and public services were only considered differently. The new assessment system takes into account the regulatory framework and public services in a balanced way, with the former taking into account the quality and burden of supervision, while the latter takes into account the mechanism setup and infrastructure for the government to provide public services vital to market operation.

### **3.4 The Coverage Will Be Expanded**

In the past, the largest cities in each economy were selected as sample cities. The new assessment system will cover more sample cities.

## **4 Enlightenment and Suggestions for Optimizing China's Business Environment**

The new version of the World Bank's "Business-friendly Environment Assessment Index System" is designed with 10 core indicators and two cross-cutting indicators, which are more scientific, innovative and operational. China needs to take into account specific practices, benchmark the world's advanced level, and leapfrog from a business-friendly environment to a business-friendly environment. As for setting new standards, there are four new areas in China's business environment that need to be paid close attention to and strengthened.

Firstly, Attach great importance to and strengthen compliance management to achieve corporate compliance, government compliance, service compliance, judicial compliance and social compliance [5].

Secondly, Attach great importance to strengthening ESG management (E refers to environment, S refers to social responsibility, G refers to corporate governance) and information disclosure, especially environmental sustainability, green and low-carbon development, all kinds of subjects need to pay attention to and implement ESG management, the International Organization for Standardization is developing standards in this respect [6].

Thirdly, Attach great importance to and strengthen the application of big data technology. The World Bank uses digital technology and environmental sustainability as cross-field indicators among the ten thematic indicators. However, in terms of business environment evaluation in China, the application of big data has just started. In terms of collection, storage, analysis, application and accumulation of big data, Data standards,

quality, security, ownership, exchange, disclosure, sharing, privacy protection, portability, exit and a series of issues, yet to be legalized, standardized, standardized, need to increase investment in personnel, capital, technology, management [7].

Fourthly, Attach great importance to quantifiable, comparable, competitive and improved methods. The new World Bank assessment method has reformed the disadvantages of the old version of the index data may be falsified, and organically combines big data collection with desk verification and statistical data verification, and government supervision and public services with the overall efficiency of comprehensive implementation. Especially for the division of labor and cooperation, in order to ensure the objectivity and fairness of the evaluation, the personnel are divided into three teams, namely the consulting team, the verification team and the scoring team, which are relatively independent from each other. The consulting team is responsible for providing relevant consulting services, while the verification team verifies the data of the evaluation objects. The scoring team is only responsible for scoring the contact between different evaluation objects, based on data and expert answers. These practices and experiences are worth learning from.

## 5 Conclusions

Four major changes have taken place in the World Bank's business environment assessment system. First, the perspective of assessment has been expanded; second, the indicator system has been updated; third, the assessment focus has been different; and fourth, the coverage has been expanded. In light of specific practices, China should attach great importance to and strengthen compliance management, ESG management, the application of big data technology, and methods that can be quantified, compared, competitive and improved to the international advanced level.

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