

## COMMENT

# Strides in business environment

**BIG JUMP:** We are among the top 10 in Apec, write Steven Wong and Justin Lim

**M**ALAYSIA has made giant strides in improving its business environment. It is the 12th most competitive economy in doing business among 185 countries surveyed, according to the Doing Business 2013 report released by the World Bank on Tuesday.

This places Malaysia ahead of countries like Sweden (13th), Taiwan (16th) and Germany (20th), and just a few places shy of Australia (10th) and South Korea (8th).

This is a considerable jump given that Malaysia was ranked 23rd just two years ago. It has now overtaken Thailand as the second most competitive economy in the Asean region, after Singapore.

The World Bank has also acknowledged Malaysia as among the top 10 reformers in the Asia-Pacific Economic Cooperation region in making the most progress towards best business practices.

Malaysia was also commended for being the leader in taking initiatives to register property, protect investors and get credit.

The World Bank's Doing Business survey used a standardised business plan to identify whether regulations in each country facilitated or inhibited business pro-

cesses. It is based on quantifiable indicators rather than generic perceptions of the business environment.

Respondents to the survey were professionals such as lawyers, business consultants, accountants, freight forwarders and government officials.

The survey comprised 10 elements. Malaysia has continued to achieve high ratings in two of them: Ease of Getting Credit and Protecting Investors (consecutive 1st and 4th places respectively for the last five years).

Another five areas have registered marked improvements: Getting Electricity (from 50th to 28th); Registering Property (59th to 33th); Paying Taxes (41st to 15th); Trading Across Borders (29th to 11th) and Dealing with Construction Permits (113th to 96th).

Government measures introduced to reduce time and costs drove improvements in all of the above with the exception of trading across borders, where streamlining and standardising the export and import processes, with better data management, was vital.

Special attention was paid to construction permits as well. The introduction of the One-Stop Centre (OSC) in 2008 to facilitate building approvals has now been taken



A **Tenaga Nasional Bhd** staffer at the Eastern Zone call management centre in Pahang serving a customer. Malaysia has shown **marked improvement in the Getting Electricity category** of the World Bank's *Doing Business 2013* report. Pic by Mohd Rafi Mamat

to another level with the launch of the OSC1 Submission, which only requires 10 procedures and takes less than 100 days to process. This is comparable with the world's best practices.

Three components, however, have slipped slightly in the rankings: Starting a Business, Enforcing Contracts and Resolving Insolvency.

Nevertheless, a slew of new measures such as the introduction of Limited Liability Partnerships Act, a comprehensive Rules of Court Act, consolidating existing insolvency laws and publication of As-

set Search Directories to assist liquidators are expected to move the country up the rankings next year.

It is interesting to note that the report excluded Employment of Workers from its survey this year. If included it would examine labour laws and whether they are conducive for job creation and the costs associated with hiring and redundancies.

The vast improvements that the country has made in the Doing Business survey are testimony of the efforts made.

But earning 12th position does not imply that we have little else to

do or that we have earned our place in the high-income nations club.

We need to see similar progress in a spectrum of other variables. Human capital and management quality, for example, are not covered in this survey. Malaysia needs to churn out high calibre workers at all levels and to attract foreign talent at the same time.

Management of the public sector and private corporations has to improve, research and development institutions need to be established by the private sector, and strong university-industry collaboration has to be in place if productivity and incomes are to improve.

Industries and services that depend on cheap foreign labour and low value-added processes must be phased out so that resources can be re-deployed to faster growing ones.

Malaysia's strong position in the 2013 Doing Business survey is tribute to the efforts made by both the Special Task Force to Facilitate Business (Pemudah) and the Performance Management and Delivery Unit (Pemandu). They should be celebrated as a key milestone.

A top ten position is now well within sight and achieving it will further shine the spotlight on Malaysia for investors and be a vital catalyst in propelling the nation forward.

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