Analysis on the Current Situation of Business Environment Research in China-Literature Review

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Abstract. As Chinese business environment construction continues to develop in theory and practice, the academic community's research on the business environment is also deepening. Through combing and analyzing the relevant literature and materials in the field of business environment in recent years, this paper finds that different scholars have different understandings on the connotation and influencing factors of the business environment. A large number of scholars’ research perspectives mainly focus on investment business environment, tax business environment, international business environment and local business environment. Finally, from the perspective of research trends, the main research directions in China are the indicator system and assessment mechanism of business environment, the influence factors of business soft environment, the relationship between business environment and policy implementation, the differences of local business environment, and the problems and countermeasures in the construction of business environment.

Conceptual Definition of the Business Environment

In recent years, domestic research on the business environment has shown explosive growth. Dong Biao (2016) believes that business environment refers to the various circumstances and conditions under which commercial subjects engage in commercial organizations or business operations, including political, economic and cultural factors that influence the conduct of Commercial Subjects. It is also a support for country or region to effectively carry out exchanges, cooperation and participation in competition, in other words, business environment is a economic soft power [1]. According to Chang Yuan and Zeng Zhangyong (2017) , the business environment is an effective combination of various conditions or factors, such as time and cost, that are required for various business entities, business production, business operations and trade activities to comply with policies, regulations and rules of conduct. Wujingzhou (2017) believes that the business environment is essentially a government-controlled environment [3]. Wei Shuyan and Sun Feng (2017) believe that the investment business environment is the time and cost required for a company to comply with policies and regulations in terms of opening, operating, trading activities, taxation, closure and execution of contracts [4]. Zhang Guoyong and Ruan Chengwu (2018) believe that the business environment is a conceptual abstraction around the enterprise. It is the sum of the external conditions faced by the enterprises as the main players in economic activities, and is a systematic composite concept [5].

Based on the above concepts, the business environment of an economy is a comprehensive reflection of the economic, political, social and legal environment in the activities of the market entities, is the sum total of the environments in which the market entities are located from the start-up, operation to the end, and is the external performance of the main body in the production and operation activities of capital, manpower, time and opportunity costs. In addition, the business environment is still a “magnet” that attracts domestic and foreign investment. It is also a core indicator for measuring the soft economy of the region and is the basis for regional participation in international economic competition and cooperation.
Analysis of Business Environment Research Perspective

The different perspectives of different scholars lead to the diversity of research perspectives. In the contemporary Chinese society, the upsurge of creating business environment is rising, and the research of business environment in academic circles is from groping stones to crossing the river to perfecting and maturing gradually.

From the perspective of the theoretical achievements in the field of business environment research, many scholars have already made rich achievements. Based on the big data on investment and business environment in 30 big cities published by the World Bank, Dong Zhiqiang, Wei Xiahai and Tang Canqing (2012) examined the relationship between the soft environment of business institutions and economic development, and drew a conclusion that "institutions are of vital importance" in Chinese localized investment environment[6].

From the perspective of research in the business environment, domestic academic research on business environment presents diverse lines and differences, but overall, investment business environment, tax business environment, international business environment and local business environment is the focus of most scholars.

Investment and business environment is the environment on which enterprises survive and develop. It is also the basic basis for investors to make investment decisions. Creating a competitive investment and business environment is the necessary guarantee for successful attracting and continuous expansion of investment. Zhou Chao, Liu Xia, and Gu Zhuan (2017) analyzed the impact of the business environment on Chinese foreign direct investment from the perspective of investment motivation, and concluded that the influence of the host country's business environment on Chinese foreign direct investment are different when foreign direct investment is made for different investment motivations[7].

Tax payment indicators are an important indicator system affecting the business environment, which have been analyzed and studied by many scholars in recent years. Based on the continuous monitoring of the tax business environment in several cities in some provinces of China, Wei Shengmin and Xiang Jing (2017) two scholars found that the tax environment in some provinces shows a significant positive improvement in tax payment time, tax burden, global ranking, etc. However, there are still some new problems in the aspects of tax reduction and fee reduction, improvement of learning ability of some taxpayers, and punishment of non-subjective[8].

Under the impetus of the "Belt and Road" national policy, some scholars began to study the business environment in the countries along the "Belt and Road". Huang Zhenrao (2015) discussed the local construction of the “Belt and Road” to create a new advantage of open economy, and discussed how local governments can use their local advantages to accelerate the establishment of a good business environment [9]. Zhang Song(2017) analyzed the overall situation of the business environment of the countries along the “Belt and Road” by analyzing the frontier distance scores (DTF) of the “Belt and Road” countries [10].

From the study of the local business environment, scholars' research mainly focuses on the research in the northeast, the east and some southern coastal areas, including Shenyang, Liaoning, Shandong, Beijing-Tianjin-Hebei Region, Guangdong-Hong Kong-Macao Greater Bay Area, but there is almost no research on the Southwest Region. Wu Jingzhou (2017), Wei Shuyan (2017), Yan Wenyu (2018), Wang Chunli (2018), Fang Shirong (2018) and other scholars carried out strategic analysis and research on the governance of business environment in northeast China, some scholars determined the indispensable role of the government in building business environment. They believed that the transformation of government functions and the reform of governance mechanisms are essential to optimize the business environment[3].

In addition to the above perspectives, Chang Yuan (2017), Zhang Jiping (2017) and other scholars also studied the impact of the business environment in the logistics industry and manufacturing industry, and they probed into the influence of business environment on the linkage development of logistics and manufacturing from the perspectives of social credit system and market maturity[2]. From the perspective of the service industry, Jiang Jing’s (2017) results from
the return of all sample countries show that a country’s business environment ranking increased by 1%, which can increase the country’s service sector’s share of GDP by 0.236 percentage points [11].

**Trend Analysis of Business Environment Research**

In recent years, academic research on business environment in China has been developing continuously, and the relevant indicator system and evaluation mechanism have been gradually systematized and standardized, which provides a reference for China to further create a legal, international and convenient business environment. From the research trend, the main focus is on the following aspects:

The first is the study on the indicator system and evaluation mechanism of the business environment. The World Bank launched the Business Environment Report project in 2002 to objectively assess the business rules and implementation of the global economy and selected local cities. By 2019, the report was extended to 10 sets of indicators and 190 economies. The requirements of the business environment are different at different stages of economic development. In 2004, the World Bank organized Doing Business Group focused on environmental indicators related to the life cycle of enterprises. In 2005, it focused on the registration of property rights, tax system environment, investor protection and other indicators. In 2006, it focused on indicators such as intellectual property rights protection, cross-border trade and security environment.

The second is the study of factors affecting the soft environment of business. From a macro perspective, although there are many factors affecting the soft environment of business, including natural, geographical, historical, economic, and political factors, most scholars believe that the government plays an irreplaceable role in shaping the business environment. For example, property rights protection, market regulation, tax collection, infrastructure provision, the functioning of financial and labour markets, government management, and the governance of corruption which has flourished in recent years, are all closely linked to government functions. From a micro perspective, labor quality, social security, resource environment, market freedom, talent attraction, and network information technology are all important factors affecting the internationalization and facilitation of business environment.

Thirdly, research on the relationship between business environment and Policy Implementation. Beijing has further pushed for process optimization to improve the efficiency of enterprise handling, promoted the improvement of mechanisms to improve service levels, and promoted reform and innovation to improve users’ satisfaction. Shanghai has implemented the “All Netcom” service reform this year, in addition, the Shanghai Free Trade Zone has made bold innovations in tax reduction, fee reduction, innovative services, process optimization and channel widening. According to the latest “2019 World Bank Doing Business report”, based on the scores of two sample cities in Beijing and Shanghai, China ranks 46th in the world in terms of “Business Conveniences”, which is the first time China has entered Top 50.

The fourth is about the study of the local business environment in China. At present, all provinces and cities in China are committed to regulatory reform, and all recognize that regulatory reform plays an important role in maintaining local competitiveness, promoting entrepreneurship and increasing employment opportunities. The general situation is that the coastal area is the best, then northeast and north China, and then central, southwest and northwest China. From this point we can see that there is a certain correlation between geographical advantage, economic development and the number of business environment studies.

The fifth is about the problems and countermeasures of building a business environment. Most scholars in tax business environment research believe that the tax burden of Chinese enterprises is generally high, which is reflected in the tax service, the information construction, the tax specialized talented person construction, the tax revenue preferential treatment and the tax refund and so on, and all these aspects have a certain gap with the world's advanced level. The related countermeasures should mainly focus on deepening the administration of decentralization, deepening the reform of the tax and fee system, structural tax reduction of corporate income tax,
and establishing a professional tax service system. Relevant scholars of investment and business environment research suggest that the domestic investment competition is facing a double impact in the context of increasing anti-globalization trend and the fragmentation of the international investment system. Because of the traditional advantages of attracting foreign investment are weakening at an accelerated pace, the relevant countermeasures put forward are to strengthen the protection of small and medium-sized investors and to further enhance the level of rule of law.

References


