

Ease of Doing Business in the Philippines and Malaysia: Prospects for Development and Regional Growth

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Abstract

Entrepreneurship plays an important role in contributing to the nation economic growth and creates job opportunities to the country. Entrepreneurs are people who started a business and foresee a market's potential before the shift in the demand takes place. However, once the business takes off and there is a shift in the demand for the market, the need for managers will arise to assist entrepreneurs to manage the business. Many countries are encouraging people to venture into business and be successful entrepreneurs as they play a significant role in economic growth. Entrepreneurship education has now become an essential component to cultivate the potential entrepreneurs in the higher learning institutions. Hence, the ease to start a business needs to be addressed and the ease of doing business is different with countries. Entrepreneurs need to have a set of skills to ensure its sustainability such as acute foresight, sense of alertness, wise decision making, foresighted, creative, innovative as well dare to take risk wisely and reasonably in order to sustain in difficult and challenging business environment. The ease of doing business or entrepreneurship can impact the successfulness of encouraging the entrepreneurship intention to its nation. This paper discusses the steps in doing business in Malaysia and the results of this paper would be able to highlight the ways to further improve the easiness to do business as well as to start a business in Malaysia.

Keywords

Entrepreneurship, Entrepreneurs, Ease of Doing Business, Regional Cooperation

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1. Introduction

Entrepreneurial ventures are pursued to fill the needs of the consumers and helps the nation to achieve its economic agenda. Along with the best practices, innovation, and continuous development, business establishments need a sound economic environment which is necessary for the growth and development of the nation and this has been proven in various respects by Djankov, McLiesh, and Ramalho [11] and Barseghyan [2]. More so, Klapper and Love [15] posited that a healthy business climate paves way to job creations, economic growth, and more entrepreneurial opportunities and states are

now trying to streamline the processes and procedures of the institutions to attract foreign investments [14], [8] For about 20 years, the World Bank annually published the Ease of Doing Business (EODB) Report of 190 countries around the globe. This report publishes the business climate of each country based on the following indicators: opening a business, dealing with construction permits, getting electricity, registering a property, obtaining credit, protecting minority shareholders, paying taxes, trading with other countries, implementing contracts, resolving insolvency, and labor market rules and practices.

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This paper attempts to look into the ease of doing business between the Philippines and Malaysia and determine some important aspects that needs improvement in order to achieve competitive advantage in the region. As both countries geared towards achieving a sound economic growth in the region, significant information is need to facilitate reforms which are necessary to augment the efforts of government agencies especially on streamlining the processes and abolishing corrupt practices. Good practices in each country might also be a good basis to be considered by policymakers in crafting a sound economic policy. Also, based on the recent rankings of the World Bank, Malaysia ranked second

among the ASEAN regional counterparts.

2. Ease of Doing Business Index (EODBI)

Considering the [23] standards, there are eleven set of indicators to measure business regulations namely: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency, and labor market regulation.

Table 1. Parameters of Ease of Doing Business.

Indicator set	Areas measured
Starting a business	This pertains to the procedures/steps, time, cost and paid-in minimum capital to start a limited liability venture.
Dealing with construction permits	This relates to the processes, time and cost to accomplish all permits required to build a warehouse and the quality control and safety standards in the construction permitting system
Getting electricity	This concerns the cost, process, and time in getting connected to the electrical grid, the reliability of the power supply and the transparency of tariffs
Registering property	The cost, length of time, and procedures to transfer a property and the quality of the land administration system
Getting credit	The country's credit information systems and movable collateral laws.
Protecting minority investors	This tackles the rights of minority shareholders pertaining to business governance and related-party transactions.
Paying taxes	The tax rates, fees, and time necessary for the business to fulfill the tax obligations and other related processes.
Trading across borders	Cost and time necessary to export goods of comparative advantage and import auto parts
Enforcing contracts	This concerns the cost and time to resolve business disputes and the features/nature of the judicial processes of a country.
Resolving insolvency	Cost, time and rate of recovery from insolvency and standards of the legal structure for resolving insolvency.
Labor market regulation	The employment regulations and practices of a country including the quality of job.

Source: [23]

3. Micro, Small, and Medium Enterprises (MSME's) in the Philippines

In the Philippines, a Micro, Small, and Medium Enterprises is defined by the Magna Carta for Small enterprises as any commercial endeavour or venture engaged in service, industry or agri-business activity which met the following requirements: the asset size (excluding land) is up to Php 100 million; and the number of employees is less the 200. Further, the Magna Carta for Micro, Small and Medium Enterprises describes MSME's as any venture engaged in trading, agribusiness, or services, irrespective of the legal form of business ownership and are categorized using the standards below:

Table 2. SME Classification.

Classification	Category	
	Asset Size	Number of Workers
Micro	Up to P 3,000,000	1-9 Employees
Small	P 3,000,001- P15,000,000	10-99 Employees
Medium	P 15,000,001-100,000,000	100-199 Employees
Large	Above P100,000,00	More than 200 employees

Note: Based on the definition under Republic Act No. 9501 or the Magna Carta for MSMEs, which amended RA 8289 and RA 6977 (Magna Carta for

Small Enterprises); and on the establishment category used by the National Statistics Office (NSO), respectively [19]

4. Number of Business Establishments

Based on the 2018 list published by the Philippine Statistics Authority (PSA) [18], the country has recorded a of 1,003,111 business establishments in the whole country. From that figure, about 99.52% or 998,342 belongs to the MSMEs sector and the remaining 0.48% (4,769) are large corporations. As to the total number of establishments, micro businesses tallied a total of 887,272 (88.45%); small businesses have a total of 106,175 (10.58%); and the medium enterprises constitute of 4,895 (0.49%).

4.1. Category by Sector

The 2018 report [18] also showed the following 5 sectors which topped in the list: Retail and Wholesale sector; Motor Vehicle Repairs and Motorcycles (461,765); Food service and accommodation (144,535); Manufacturing (116,335); Other Service Businesses (66,162); and the last one is Financial and Insurance (46,033). Of these industries, the MSME establishments accounted about 83.62%.

4.2. Geographical Location of MSME's

A large portion of MSME's are concentrated in the National Capital Region having a total number of 203,312 (20.36%), followed by CALABARZON having 148,196 (14.84%), Central Luzon with 116,073 (11.63%), fourth is Central Visayas with a total 70,395 (7.05%) establishments and Western Visayas having 61,590 (6.17%). These five locations garnered about 60.05% of the total number of business establishments in the country. The concentration of these establishments in the region is due to the size of population and the economic activities in the area.

Table 3. Number of MSME's By Region.

Region	Percentage	Total
National Capital Region (NCR)	20.36	203,312
Cordillera Administrative Region	2.05	20,417
Region I (Ilocos Region)	5.09	50,807
Region II (Cagayan Valley)	3.08	30,718
Region III (Central Luzon)	11.63	116,073
Region IV-A (CALABARZON)	14.84	148,196
MIMAROPA REGION	2.40	23,919
Region V (Bicol Region)	4.05	40,444
Region VI (Wester Visayas)	6.17	61,590
Region VII (Central Visayas)	7.05	70,395
Region VIII (Eastern Visayas)	3.08	30,749
Region IX (Zamboanga Peninsula)	3.33	33,177
Region X (Northern Mindanao)	3.73	37,274
Region XI (Davao Region)	5.86	58,549
Region XII (SOCCSARGEN)	4.49	44,822
Region XIII (Caraga)	1.99	19,823
Autonomous Region in Muslim Mindanao	0.82	81,167

Source: [18]

5. Entrepreneurship and MSME's in Malaysia

Entrepreneurship is a process of making profit with strategic designing, planning and operating a business with business risks. There are differences between "an entrepreneur" and "a manager" in a business. Entrepreneurs are people who took the first initiative to start a business from ground work, while managers of business are those who those who are hired because of their acute business skills to manage the business. Obtaining profit from a business venture involves various aspects that require organizing, planning, forecasting and execution skills and it is the main aim for all entrepreneurs [5]. Entrepreneurship has been identified as one of the must-take subjects in the tertiary education these days.

New businesses have been set up rapidly in Malaysia due to its steady economic growth over the years. Therefore, there is a need for the government and higher educational institutions to always to keep abreast of the current needs and knowledge in the education system. Malaysia realizes the importance of experiences gained by the entrepreneurs, hence Malaysia accepted it as an additional point as the entry of requirement to

a university admission. According to [5], an engaging learning approach are needed such as role playing, learning by doing for adult learners with working experiences [5]. Entrepreneurs are people with good vision and decision-making skills that enter a market before the demand shifted. They are different from being managers as managers are people who manage the business after the demand shifted in the market. In short, entrepreneurs enter the market before any change in the demand, while managers enter the market after the demand shifted in the market. Entrepreneurs of small medium enterprise (SME) has contributed approximately RM521.7 billion in the gross domestic product (GDP) of Malaysia in 2018, which shows 0.5% increase as in 2017, with RM491.6 billion [10].

Tax incentives, business advisory, funding resources, loan, and others provided by government makes it attractive to foster young entrepreneurs. According to Ismail et al. (2009), entrepreneurship education is one of the most effective approaches in promoting the graduates to be an entrepreneur and be self-employed. Hence, Malaysia took head of this and currently, the course "entrepreneurship" has been embedded and made it a compulsory course in all higher tertiary education in Malaysia regardless of private or public education institutions. The course "entrepreneurship" was introduced to all higher education institutions in Malaysia and has been well-received by both the education institutions and the learners.

Table 4. SMEs by state in Malaysia.

State	Percentage (%)
Selangor	19.8
Wilayah Persekutuan Kuala Lumpur	14.7
Johor	10.8
Perak	8.3
Pulau Pinang	7.4
Sarawak	6.7
Sabah	6.2
Kedah	5.4
Kelantan	5.1
Pahang	4.1
Negeri Sembilan	3.6
Melaka	3.5
Terengganu	3.2
Perlis	0.8
Wilayah Persekutuan Labuan	0.3
Wilayah Persekutuan Putrajaya	0.1

Source: [21]

There are many institutions that are set-up to help develop entrepreneurship in Malaysia, such as, Majlis Amanah Rakyat (MARA), an institution that focuses on entrepreneurship training, Ministry of Entrepreneur who coordinates all entrepreneurship matters, Bank Negara who plays a role in financing, Small and Medium Industries Development Corporation (SMIDEC) who is responsible in coordinating the development of SMIs and others businesses.

According to SME Corp Malaysia (2016), there are approximately a total of 907,065 SMEs establishments in Malaysia in 2016 with most SMEs are in the Peninsular Malaysia (West Malaysia) compared to Sabah & Sarawak (East Malaysia). The highest number of SMEs is in the Selangor state (19.8%) and the lowest in Wilayah Persekutuan Putrajaya (0.1%). Table 3 shows the breakdown of the SMEs establishments for the state in Malaysia.

Based on Table 3, approximately 85% of business establishments are Small Medium Enterprises (SMEs) with 2.3% in the medium scale, 21.2% in the small scale and the largest portion of 76.5% in the microenterprises in Malaysia. SMEs has contributed a relatively significant contribution as steadily into Malaysia's Gross Domestic Product (GDP) with a relatively increased steadily of 36.6% in 2016 as compared to 36.3% in the previous year in Malaysia [10] and rose to 37% in 2017. Most of the SMEs in Malaysia are of service nature (89.2%), manufacturing 95.3%, construction (4.3%), agriculture (1.1%) and lastly is mining & quarrying (0.1%) as in 2016. Among the SMEs in Malaysia, 20.6% of them are women-oriented (51% of the equity are held by a woman/women or the Chief Operating Officer (CEO)/ Managing Director (MD) is a woman that owns at least 10% of the equity [21]

6. The Ease of Doing Business in Philippines

The Philippines ranked 95th in the overall ranking for 190 economies and obtained a DB score of 62 according to the 2020 report by World Bank. Comparing with the ASEAN counterparts, Philippines was nailed at 7th place. The key reforms introduced in this law includes: expedite processing the processing of permit and license to operate, time limits for transaction with the concerned government agencies, utilization of online platforms for business registration, the transparency charter which involves a complete step by step process of business transactions, accountabilities and the anti-corruption measures.

7. The Ease of Doing Business in Malaysia

According to [1], Malaysia was ranked at 24th in 2018 World Bank's Ease of Doing Business, 15th in 2019 and 12th in 2020, which is a significant jump on the ladder though is still behind its neighbouring country, Singapore. Malaysia is fast gaining traction as one of the favourite investment destinations to do business in Malaysia and building a

business in Malaysia. The relatively high ranking in the World Bank's Ease of Doing Business signifies that starting a business in Malaysia is comparatively easy; however, it could be a daunting task without proper guidance for how to register a business in Malaysia and start business in Malaysia. These are the general steps to be taken when one would like to start a SME in Malaysia:

- 1) *Develop a business plan*-A business plan is the basic and crucial step if one is thinking about starting a business in Malaysia because having a business idea helps one to understand the market and get to know what others are doing.
- 2) *Check the financial status*- Determination on how one is going to obtain fund the business. One can start with a marketing budget. This is a crucial step that allowing one to find out what type of business financing solution the business need.
- 3) *Scout for venue*-Appropriate venue is important to ensure it fits the nature of the business one is in. The price for the place is also one of the main factors to consider
- 4) *Register the business with Suruhanjaya Syarikat Malaysia (SSM)*-All businesses in Malaysia need to be registered with SSM with a small fee and also to obtain the license to operate the business without any hurdles from the authorities.

There are several aspects measured, namely, distance to frontier score (0=lowest performance to 100=frontier), ease of doing business index (1=most business-friendly regulations), new business density (new registrations per 1000 people ages 15-64), new businesses registered (number), losses due to theft and vandalism (% of annual sales of affected firms), firms that do not report all sales for tax purposes (% of firms), number of visits or required meetings of affected firms with tax officials and profit tax (% of commercial profits).

Malaysia has been improving steadily over the years according to the World Bank Report. The improved ranking was due to the public and private sector members' collaboration and commitment within the technical working groups under the Special Task Force to Facilitate Business (PEMUDAH) to improve the ease-of-doing-business environment. Though Malaysia has improved its ranking pertaining to the ease of doing business, but Malaysia is still ranked lower versus other Organization for Economic Co-operation and Development (OECD) countries in terms of time and cost to enforce a contract through courts [22].

Table 5. Developments on the ease of Doing business (Malaysia and The Philippines).

Indicator	Latest Developments/Practices																
	MALAYSIA	PHILIPPINES															
Starting a business	<p>Do research on the market in Malaysia and prepare a business plan for securing credit from the banks. The start-up costs will differ for various forms of business. Industry-specific permits may be needed for one business. However, on a general overview, a food and beverage business would incur the following costs:</p> <ol style="list-style-type: none"> 1) RM60 for business registration fees 2) RM3000 for solicitor's fees 3) RM100 for domain name registration 4) RM900 a month for insurance such as public liability, income protection, vehicles, etc. 5) RM150 for licences and permits 6) Workers' compensation 7) RM150 for each, which is equal to RM300 food handling certificates or serving of alcohol <p>Source: [12]</p>	<p>In the Philippines, there were four registration processes with the right government agency that each classification follows:</p> <ol style="list-style-type: none"> 1. <i>Sole Proprietorship</i>-Begin with a business name registration with the Department of Trade and Industry (DTI) followed by the registration with the Barangay that the business wish to operate. Next, the applicant needs to register the business with the municipal government in order to secure a Mayor's permit and finally, register with the Bureau of Internal Revenue (BIR) and obtain a certificate of registration. Minimum capital requirement is not mandatory under sole proprietorship. 2. <i>Partnership</i>-The applicant must first reserve a name of and pay P 100 (this is good for 30 days) and submit articles of incorporation and by laws. Filing fee: 1/5 of 1% of the Partnership's capital but not less than 2,000 pesos + 1% of the amount (for legal research fee). (Source: <i>Securities and Exchange Commission</i>) 3. <i>Cooperatives</i>-Before registering the cooperative, the law requires at least 15 members and determine the kind of cooperative they want to establish. After that, they are going to prepare an economic survey and by laws of the cooperative. Along with that, they are also required to articles of cooperation and secure a bond for accountable officers (the amount of the bond will be determined by the Board of Directors). The final step will be the registration with Cooperative Development Authority. The schedule of fees depends of the type of cooperative as reflected below: <table border="1"> <thead> <tr> <th>Type of Cooperative</th> <th>Paid Up Capital</th> <th>Fees</th> </tr> </thead> <tbody> <tr> <td>Laboratory Cooperative</td> <td></td> <td>No registration fee required</td> </tr> <tr> <td>Primary Cooperative</td> <td>P2,000.00 – P500,000.00 P500,001.00-up</td> <td>P500.00 **1/10 of 1% of the paid-up share capital</td> </tr> <tr> <td>Secondary Cooperative</td> <td>P2,000.00 – P 500,000.00 P500,001.00- up</td> <td>P1,000.00 **1/10 of 1% of the paid-up share capital</td> </tr> <tr> <td>Tertiary Cooperative</td> <td></td> <td>P3,000.00</td> </tr> </tbody> </table> <p>Source: [7]</p> <ol style="list-style-type: none"> 4. <i>Corporation</i>: For stock corporations, the Securities and Exchange Commission requires the applicant to verify and reserve a name with them (P 100.00/reservation for 30 days) and submit Articles of Incorporation and By Laws. However, there are specific guidelines provided by the Commission as specified in their website. Filing fee: 1/5 of 1% of the authorized capital stock but not less than Php 2,000 + 1% of the amount as legal research fee. The registration fee for by laws of stock corporation is P 1,010.00. (See full process at the official website of the SEC) Having enacted in 2018, RA 11232 or the Revised Corporation Code of the Philippines abolishes the minimum capital requirement for domestic firms allowing a business to operate and commence easily in the country. Source: [20] 	Type of Cooperative	Paid Up Capital	Fees	Laboratory Cooperative		No registration fee required	Primary Cooperative	P2,000.00 – P500,000.00 P500,001.00-up	P500.00 **1/10 of 1% of the paid-up share capital	Secondary Cooperative	P2,000.00 – P 500,000.00 P500,001.00- up	P1,000.00 **1/10 of 1% of the paid-up share capital	Tertiary Cooperative		P3,000.00
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Dealing with construction permits	<p>Obtaining a business license in Malaysia is a requirement as specified by the Companies Act. Duration of business approval is within a month to six months depending on the types of business license.</p> <p>There are two types of business licenses available in Malaysia, namely; General license and industry-specific licenses. General licenses are for anyone who plans to register a business in Malaysia. Industry-specific licenses, on the other hand, are licenses which are unique to certain industries. Source: [17]</p>	<p>Currently, all applications relating to construction permits must adhere to the National Building Code of the Philippines (PD 1096), The fire code of the Philippines (RA9514), and accessibility Law (BP344). The process depends by region, but normally, it begins with the Office of the Building Official.</p>															
Getting electricity	<p>Register the premise for business purpose with Tenaga Nasional Berhad (TNB) with a deposit (Note: This depends on the nature of business by state)</p>	<p>The process of obtaining an electric permit in the Philippines depends on the geographical location of the business. In large metropolitan areas, electric power providers are usually private companies while in the countryside, it's usually the electric cooperatives. Normally, the applicant would go to the electric power provider and submit application for inspection and if the inspection is done and the applicant passed the minimum requirement, the applicant will then be advised to procure the materials for installation and pay the corresponding amount with the agency. Electric power rates are regulated by the Energy and Regulatory Commission. (Note: Fees depend by area)</p>															
Registering property	<p>Register the company with Suruhanjaya Syarikat Malaysia (SSM) with small fees depending on the scale of the business. No premise is need if the business nature is online but all business need to be registered with SSM in Malaysia. Entrepreneurs also need to obtain approval license from the local town councils in Malaysia and Fire Brigade Department</p>	<p>Transfers of immovable property begins by obtaining the land title from the Registry of Deeds (ROD) and obtain tax clearance from the City/Municipal Treasurer's office. Appropriate amount of tax will be computed based on the prevailing tax laws of the country (Note: Fees and charges may vary on location, assessment, and value of the property)</p>															
Getting	<p>Business loan is one of the most likely source of financing. Entrepreneurs can obtain loans from banks</p>	<p>Banks are usually the primary source of funds among SME's and the average lending rates is at 7.35%. Second options are small-scale lending companies and</p>															

Indicator	Latest Developments/Practices	
	MALAYSIA	PHILIPPINES
credit	<p>or private investors such as family or friends. Banks usually offer up to RM3,000,000 funding with an interest rate of approximately 7% with a 5-year tenure depending on the agreement or the practice of banks practices as it may defer from bank to bank</p> <p>There are board members that make decisions for the company and there are laws that govern the selling of common and preference shares depending on the stated agreements.</p> <p>Minority Protection of Shareholders to protect the minority of the stockholders in Malaysia includes:</p> <ul style="list-style-type: none"> -Right to Appoint a Director -Information Rights -Reserve Matters -Tag-Along Rights -Pre-Emptive Rights and Rights of First Refusal -Put Option -Valuation <p>Source: [6]</p>	<p>credit cooperatives (for 5-year term, interest is at 0.83 to 1% per month). However, there were businesses who find it difficult to obtain the cash from the banks because of the collateral requirements, thus, their last resort would be informal lenders who sometimes charged the borrowers with an interest rate of up to 20%. Borrowers do not have a choice or else they have to close their operation.</p> <p>Under the newly enacted law, Republic Act (RA) No. 11057 or the Personal Property Security Act (PPSA), Micro, Small, and Medium Enterprises, fishermen, and the farmers may now be able to include in the electronic registry of LRA their movable property such as crops, consumer goods, electronic securities, equipment, inventory, and negotiable instruments in order to allow them to use these properties in obtaining/applying for a loan Source: [9]</p> <p>On the average, minority stockholders suffered losses from private placements issued by listed Philippine companies. Further, the welfare of the minority stockholders is anchored on the management prudence of controlling stockholders Source: [4]</p> <p>However, Republic Act No. 112321 or the Revised Corporation Code (RCC) of the Philippines provided some revisions in which the law aims to improve the protection of minority shareholders.</p> <p>The provisions under this law, along with the Securities and Exchange Commission's improved authority to directly interfere on some important matters including the imposition of penalties is aimed to protect the interest of minority shareholders and supports responsible corporate governance Source: [16]</p>
Protecting minority investors	<p>All income or revenue is taxable in Malaysia. The tax rate depends on the tax rates and the amount of profit gained. The higher the profit, the higher the tax bracket</p>	<p>All income or revenue generated by the business are subject to the taxes by the government as mandated by law. Stock corporations are required to submit their reportorial requirements with the Bureau of Internal Revenue in accordance with the National Internal Revenue Code of 1997 as amended by RA 11256 and 11346. Just recently, the government introduces an online filling of corporate taxes.</p> <p>As the policy framework on regional development and cooperation continuously develops and adopted, Philippines is now making its way to allow free flow of goods especially with ASEAN member states. Imposing low tariff rates for selected products and tariff exemption for enterprises located in free enterprise zones are few of the major changes that the country introduced in order to promote international trading. Tariff recalibration is one of the government efforts to realize and AEC 2015 (Note: See executive order Nos. 850: 2008; 765:2008; 818:2008; 766:2008; 814: 2009)</p>
Paying taxes	<p>Requires a foreign bank account with any commercial banks in Malaysia.</p>	<p>Based on the Philippine law on contracts, parties are commonly allowed relief for changed conditions only when they have precisely indicated such escape clauses in their binding arrangements. Otherwise, the courts will implement the contractual conditions, except only under special cases or reasons Source: [3]</p> <p>Issues and legal matters pertaining to commercial insolvency in the country is subject to the rules of Republic Act 10142 otherwise known as "Financial Rehabilitation and Insolvency Act (FRIA) of 2010".</p>
Trading across borders	<p>This depends on the severity and the amount involved in the disputes. The bigger the amount involved, the longer the time is needed to resolve this in the court of law.</p>	<p>Employment in the country is regulated by the Department of Labor and Employment. The primary consideration of employment in white collar jobs is education, experience and training. Informal sectors and privately owned enterprises are still practicing contract based jobs. Regularization of the employee rests on the decision of the employer but the normal practice gives the employee a 6-month probationary period before enjoying a regular status.</p>
Enforcing contracts	<p>This has to depend on the regulations of many aspects and it requires legal involvement.</p>	
Resolving insolvency	<p>Malaysian workers are eligible for full-time employment at the age of 14. But there are certain protective regulations covering adolescents aged 14 to 16. The labor law in this case differs slightly in Peninsular Malaysia from that in Sabah and Sarawak. Foreign workers need to have working permit while local do not.</p>	
Labour market regulation		

8. Managerial Implications

Although the Philippines lags behind Malaysia based in World Bank ranking, the Philippines gears towards economic progress and is continuously hungry for development and growth in the region. Some efforts are designed by the government to streamline the processes and possibly eliminate corrupt practices. For instance, the enactment of the Ease of Doing Business (EODB) Law in the Philippines is a fundamental step to reduce the doubts of foreign investors as this law strictly prohibits corruption in

all levels and promotes efficiency in all government transaction. A countrywide effort is necessary to make this law effective and the confidence of both public and private institutions is expected to be mutual so a wholesome business climate is possible to achieve. Second, while the government is positive on the influx of foreign investments as a good avenue to promote entrepreneurship in the country, the Philippines may learn to invest on the development of micro, small, and medium enterprises as what Malaysia has successfully done. Banking on these enterprises will not only contribute to the local economy,

they are also the best source of Filipino pride in the ASEAN region. Third, enforcing contracts and getting credit obtained are also the indicators that the Philippines need to improve. The current system of enforcing contracts in Malaysia can a good basis for developing countries in introducing reforms. For instance, they have introduced electronic filling of disputes and tracking is possible online. In this country, court automation has been introduced. More so, with the Personal Property Security Act (PPSA law, the country hopes that access to formal financing is can now be possible especially for small scale businesses.

On the other hand, Malaysia has emerged as an attractive regional hub for doing business in various sectors such as the financial services, information and communication technology (ICT), logistics sectors etc. as it offers a dynamic and vibrant business environment with well-developed developed and productive workforce. Besides, Malaysia has an established legal system as it follows the legal system of the United Kingdom. There are several institutions that were established to enhance the business environment such as then Malaysian Investment Development Authority (MIDA), Ministry of International Trade and Industry (MITI), Companies Commission Malaysia (CCM) and also Malaysian Economic Corridors. MIDA provides assistance to firms intended to invest in the manufacturing and services sectors as well as oversee and facilitate the projects undergoing. Meanwhile, MITI oversees the operations of all international trade and industrial development in the country. CCM is the institutions where all companies are registered with and it also provides the information of the firms to the public. There are various Economic Corridors with statutory bodies assigned by the Federal government to encourage and drive development in certain regions in the country. By and large, the success of creating a wholesome business climate does not simply rely on the expertise of the law enforcement agencies, rather it is through a collective effort of the nations, consistent international cooperation and a sound business policy that is beneficial to all.

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