



Ease of Doing Business in the Middle East: A Study From Investors' Perspective

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ABSTRACT

The study aims to identify the most favorable nation in the Middle East for starting a new business using data published by the World Bank on Ease of Doing Business. The study focuses on ten factors: Starting a business, dealing with construction permits, obtaining electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency. The study seeks to provide insights for policymakers and investors in determining the most suitable investment destination in the Middle East. The study finds that currently, the UAE offers the most investor-friendly environment for investment with the top rank in Starting a business, Dealing with construction permits, Getting electricity, and Enforcing contracts; second rank for Registering property and Protecting minority investors; and third rank for Getting credit; and fifth rank for Resolving insolvency. The study concludes that the UAE currently has the most investor-friendly environment in the Middle East.

Keywords: Doing Business Indicators, Ease of Doing Business Score, Investment Destination, Investment Decision, Middle East

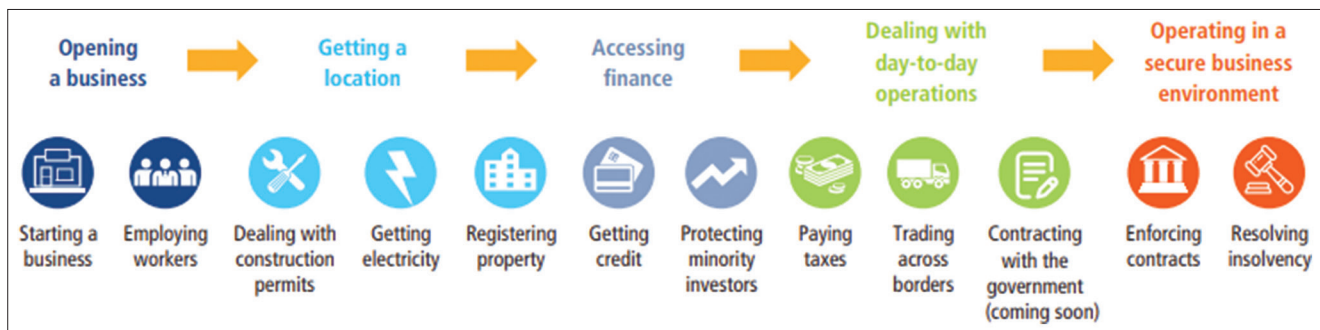
JEL Classifications: F21, F23

1. INTRODUCTION

Starting a business is an exciting and challenging endeavor, and it requires careful planning, strategic decision-making, and a deep understanding of various factors contributing to success. Locating the business in the most favorable location is vital for the business venture's success. Investor-friendly business environments are necessary to welcome new entrepreneurs to the country. Governments worldwide are introducing amendments, legislative reforms, tax reforms, banking reforms, and liberalizing economic and trade policies to promote and motivate foreign and local investors. Foreign direct investments play an important role in nations' economic growth; hence, governments strive to provide investors with a more attractive and suitable business environment (Malik and Jyoti, 2018). Government regulations on business activities, including licensing, worker contracts, ownership restrictions, and taxation, can influence a firm's decision to enter a new market in a foreign country (Djankov et al., 2002).

The World Bank publishes the doing business report (DBR) annually, which attempts to quantitatively measure the "ease of doing business" in countries worldwide, focusing on business regulations and property rights protections. It was a critical report for countries and businesses to understand the investment and business climate in key economies until its termination in 2021. In the DBR, the Bank attempted to measure member countries' legal and regulatory environments for local firms and allow comparisons to be made across countries and over time. The most recent report, released in 2020, captured 294 individual regulatory reforms. Figure 1 illustrates the multiple steps the DBR sought to measure in opening a new business.

The aim of this study is to find out the most favorable nation in the Middle East for starting a new business. This study is based on the data published by the World Bank on Ease of doing Business. The World Bank has developed a list of ten factors to determine rankings on the Ease of Doing Business. These factors include

Figure 1: Factors measured in the doing business report

Source: World Bank, 2020 doing business report

starting a business, dealing with construction permits, obtaining electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency. From an investor's perspective, analyzing the factors of Ease of Doing Business is crucial to determine the safety and feasibility of their investment. Most countries worldwide are competing to attract foreign investors by implementing various reforms on their domestic front (Kumar and Kumar, 2020). The period of study is 5 years, from 2016 to 2020. The findings of this study will help the policymakers to concentrate on formulating policies and implementing them in their respective countries to enhance investor friendliness and those investors scanning to find the most favored investment destination in the Middle East with appropriate inputs to decide on the most suitable destination for their investments.

This paper is organized as follows: Section 2 presents a short literature review. Section 3 states the methodology. Section 4 focuses on analysis and discussions, and Section 5 concludes the paper.

2. LITERATURE REVIEW

The World Bank has introduced and defined the concept of "Ease of Doing Business" to evaluate a country's economic climate and identify factors that support or impede the growth of a healthy business environment. This assessment highlights the crucial measures that must be taken to amplify positive factors and minimize negative ones. Additionally, the World Bank ranks countries based on these aspects annually, thus recognizing their global business potential. As a result, higher-ranking countries are often preferred investment destinations for global investors (Kumar and Kumar, 2020).

Much research has already been conducted to establish the importance and impact of "Ease of Doing Business" Indicators on economic growth. The ease of doing business is good for the growth and development of a nation (Djankov et al., 2006; Gillanders and Whelan, 2014). Haidar (2012) investigated the link between business, regulatory reforms, and economic growth using data for 5 years and concluded that, on average, each business regulatory reform is associated with a 0.15% increase in the GDP growth rate. Ani (2015) researched 29 East Asian, Southeast Asian, and South Asian economies and found significant effects of "Ease

of doing business" on economic growth.

The study by Hossain et al. (2018) investigated the impact of Ease of Doing Business on inward FDI from 2011 to 2015 on a sample of 177 countries from 190 countries listed in the World Bank. The study measured the ease of doing business based on indicators like starting a business, getting credit, registering property, paying taxes, and enforcing contracts. The study found that the ease of doing business enables inward FDI through better contract enforcement, getting credit, and registering property. The study revealed that the ease of doing business indicator "Enforcing Contracts" has a positive significant impact on inward FDI. Similarly, Kumar's (2020) study looks into the details of the Ease of Doing Business as an index and concludes that there is a solid correlation to FDI inflows.

Opuala-Charles and Oshilike (2023) conducted a study on the impact of Ease of Doing Business on foreign direct investment in Nigeria from 1980 to 2020. Their findings revealed that access to electricity is a crucial determinant of foreign direct investment. The study also emphasized the importance of governments implementing targeted and reformed policies to improve ease of doing business scores. This can be achieved by streamlining and simplifying procedures related to business registration, establishment, taxation, licensing, and other relevant areas.

Using panel data from 84 emerging countries from 2006 to 2018, Mundakkad (2021) examined the impact of Doing Business Rankings on FDI inflows and concluded that improvements in doing business rankings lead to significant improvements in FDI inflows. However, large improvements in DBR do not attract more FDI inflows. The study conducted by Corcoran and Gillanders (2015) showed that most of the inflow of foreign direct investments could be explained by the ease of cross-border trading.

Bhandari and Mohite examined the progress of Oman from 2012 to 2019 in the Ease of Doing Business Index. They highlighted how the country had made reforms to enhance the regulatory aspect of the entrepreneurship ecosystem for SMEs in the country, the measure adopted to make paying tax smoother and faster, and the introduction of an online single window system to reduce the time required for documentary compliance for exports and imports, the change made in their border compliance by shifting cargo operations from Sultan Qaboos Port to Sohar Port, measures

taken to improve the welfare of workers by reducing the maximum number of working days per week, and increasing the paid annual leave applicable for employees with 1 year of service, and the measures put in place for reducing the number of days required to register a business. With these initiatives applied by Oman, their overall ranking improved. Their study concluded that to promote entrepreneurship, the government will have to initiate policy measures to strengthen further and improve the legal framework. These initiatives on the part of the government, coupled with similar initiatives from support institutions and other stakeholders, will promote, nurture, and foster entrepreneurship and thereby augment the entrepreneurship ecosystem in Oman (Bhandari and Mohite, 2022).

The study on good governance and Ease of Doing Business looked at the effects of ease of doing business on entrepreneurship and starting a business in Nigeria. They argued that barriers to entry faced by businesses hinder entrepreneurship development and found that institutional entry barriers, lack of financial capital, overall costs, and difficulties associated with operating a business limit entrepreneurship and, by extension, starting a business in Nigeria, and concluded that business-friendly policies are associated with entrepreneurship development, starting a business, and greater economic growth (Ndukwe and Allison, 2021).

3. METHODOLOGY

The study's objective is to investigate the status of ease of doing business in Middle East countries to find the most favorable investment destination in the Middle East.

Secondary data on Doing Business is collected from reports and the website of the Doing Business Database maintained by the World Bank Group. The data is presented in graphical form and tables. Component-wise indicators are ranked on the Ease of Doing Business scores for the years 2016-2020.

4. ANALYSIS AND DISCUSSIONS

The ease of doing business (DB) score is determined by averaging the scores for each of the doing business indicators, such as starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency. Table 1 gives the filtered ranks for the Middle East countries based on the DB scores they secured from 2016 to 2020.

Among the Middle East countries, the United Arab Emirates has retained the topmost position during all the years of the study with the highest overall DB Score for ease of doing business, which had been increasing all the years except for a marginal decrease in 2020. Israel had been the second-best destination but has fallen to the third position in the years 2019 and 2020, despite its gradual increase in the DB score; the reason is that Turkey has increased its score at a higher rate than Israel could. The third-best position was for Cyprus till 2018, but since then, it has dropped, although its

DB scores have improved. Turkey, which was in the fourth position till 2018, improved to the second position in 2019 and 2020 with a remarkable improvement in its DB scores. Morocco occupied fifth position during the study period, gradually improving the DB score. Bahrain, which was in the sixth position, has improved to the fourth in 2020 with a significant improvement in the DB score. Saudi Arabia was in tenth position till 2017, improved to ninth in 2019, and improved to position seven in 2020, with appreciable improvement in the DB score. Oman remained at the seventh or eighth position during the study period, with a slow increase in the DB score. Jordan, which continuously occupied the eleventh position till 2019, has improved to the ninth position in 2020 with considerable improvement in the DB score.

Meanwhile, Kuwait continuously declined from rank nine in 2016 to rank eleven in 2020, though its DB score gradually increased. Egypt and Algeria continue to occupy the lowest positions at ranks twelve and thirteen throughout the study period. These variations have prompted the researchers to probe into each indicator individually to ascertain the areas where each nation requires improvement to attract domestic, regional, and global investors.

4.1. Starting a Business

The score for starting a business is the simple average of the scores for each component indicator: the number of procedures involved, the time and cost for an entrepreneur to start and formally operate a business, and the paid-in minimum capital requirement. Table 2 gives the filtered ranking and the DB scores for the Middle East countries from 2016 to 2020.

Among the Middle East countries, it was the easiest to start a new business in Israel till 2017, but it dropped to the second slot by 2020 despite the gradual but slow increase in the DB scores. During this period, the UAE has improved from the fourth position to the top, with significant improvements in its DB scores. Similarly, Oman, which was at the bottom of the table at rank 13 in 2017, vaulted to the topmost position in 2018 and is currently at position three, with appreciable improvement in the ease of starting a new business. Similarly, Saudi Arabia, at rank 11 in 2016, has improved and is currently at position four, with appreciable improvement in its DB score.

Turkey was ranked seventh in 2016, dropped to ninth in 2017, improved to seventh in 2019, and is ranked eighth in 2020, with a slow improvement in its DB scores. Meanwhile, Morocco, second in 2016, dropped to fifth in 2020 because its improvement was relatively slow. Similarly, Cyprus, third in 2016, is gradually falling and is at position six in 2020. Qatar, fifth in 2016, has been very slow in improving the ease of starting a business in Qatar and is at position eleven in 2020. Egypt, at position six in 2016, dropped to ten in 2020 despite its DB score increasing marginally. Meanwhile, Jordan was at level 12 in 2016, improved to seven in 2017, fell to nine in 2019, and to position 12 in 2020.

Currently, the UAE has the most easily accessible environment for starting a new business among the Middle East countries, followed by Israel, Oman, Saudi Arabia, and Morocco.

Table 1: Ease of doing business: Filtered ranking for middle East - 2016-2020

Countries	2016		2017		2018		2019		2020	
	Filtered rank	DB score	Filtered rank	DB score	Filtered rank	DB score	Filtered rank	DB score	Filtered rank	DB score
Algeria	13	44.25	13	46.11	13	46.23	13	48.50	13	48.60
Bahrain	6	66.64	6	68.71	6	69.09	6	70.14	4	76.03
Cyprus	3	71.95	3	72.31	3	72.28	4	72.78	6	73.35
Egypt	12	54.70	12	55.47	12	55.80	12	58.51	12	60.05
Israel	2	73.00	2	74.20	2	74.34	3	74.98	3	76.68
Jordan	11	56.74	11	57.02	11	59.93	11	61.28	9	68.97
Kuwait	9	60.66	9	59.97	10	61.79	10	62.56	11	67.40
Morocco	5	67.40	5	69.24	5	69.21	5	71.67	5	73.38
Oman	8	66.34	7	68.06	7	68.57	7	68.84	8	69.98
Qatar	7	66.49	8	65.42	8	66.03	8	66.71	10	68.67
Saudi Arabia	10	59.16	10	59.44	9	62.08	9	63.85	7	70.87
Turkey	4	69.14	4	69.38	4	70.91	2	75.25	2	76.79
UAE	1	76.29	1	77.43	1	79.30	1	81.59	1	80.75

Source: Compiled from the doing business reports 2016-2020

Table 2: Ease of starting a business: Filtered ranking for middle East - 2016-2020

Countries	2016		2017		2018		2019		2020	
	Filtered rank	DB score	Filtered rank	DB score	Filtered rank	DB score	Filtered rank	DB score	Filtered rank	DB score
Algeria	8	76.59	11	78.04	12	77.86	13	77.95	13	78.01
Bahrain	9	76.23	6	89.54	6	89.59	6	89.57	7	89.59
Cyprus	3	89.19	2	91.21	4	91.19	5	91.24	6	92.04
Egypt	6	80.58	10	80.65	10	80.70	10	83.83	10	87.84
Israel	1	90.80	1	92.53	2	92.55	4	92.60	2	94.08
Jordan	12	85.04	7	84.84	7	84.40	9	84.43	12	84.50
Kuwait	10	74.51	13	66.77	13	77.21	11	81.40	9	88.40
Morocco	2	90.47	5	90.75	3	92.46	3	92.99	5	93.01
Oman	13	70.66	4	91.12	1	93.45	2	93.43	3	93.46
Qatar	5	80.64	8	84.39	8	84.33	8	86.00	11	86.05
Saudi Arabia	11	74.39	12	75.36	11	80.04	12	80.07	4	93.14
Turkey	7	79.20	9	81.02	9	81.91	7	88.21	8	88.79
UAE	4	88.50	2	91.21	5	91.16	1	94.06	1	94.76

Source: Compiled from the doing business reports 2016-2020

4.2. Dealing with Construction Permits

The score for dealing with construction permits is the simple average of the scores for each of the component indicators: the procedures, time, and cost of dealing with construction permits, as well as the building quality control index, which evaluates the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. Table 3 gives the filtered ranking and the DB scores for the Middle East countries from 2016 to 2020.

The United Arab Emirates remains the most easily accessible nation to get construction permits, followed by Qatar and Morocco during the study period. Bahrain was in the seventh position in 2016 and improved to the fourth in 2020, substantially improving its DB score. Saudi Arabia, which was in fourth position in 2016, has slipped to position five in 2020. Israel is at position six, though it has improved its DB score during the study period. Oman, which was in fifth position in 2016, has fallen to position seven in 2020, with a marginal decrease in its DB scores. Turkey, which was in ninth position, has slightly improved to eighth in 2020, and its DB score has also improved gradually, though very slowly. Kuwait, which was at position 12 in 2016, has improved to nine in 2020, substantially increasing its DB score in 2020.

Jordan, which was at position ten in 2016, has further declined to position 13 in 2020, and its DB score has also been declining, conveying that getting a construction permit is becoming more difficult. This is a cause of concern for businesses that require constructing their own production facilities or administrative premises. Cyprus is also in a similar state, having dropped from position eleven in 2016 to position 12 in 2020.

The UAE is the easiest place in the Middle East to get construction permits, followed by Qatar, Morocco, Bahrain, and Saudi Arabia.

4.3. Getting Electricity

The score for getting electricity is determined by averaging individual scores for different component indicators, such as procedures, time, and cost for a business to obtain a permanent electricity connection and supply for a standardized warehouse. The score also considers the reliability of supply and transparency of the tariffs index. Table 4 presents the filtered ranking and DB scores for Middle East countries from 2016 to 2020.

UAE is in position one for ease of getting electricity for newly established business units globally. Among the Middle east countries, Saudi Arabia is in the second position, an improvement

Table 3: Ease of dealing with construction permits: Filtered ranking for middle east

Countries	2016		2017		2018		2019		2020	
	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score
Algeria	13	56.75	12	62.98	11	62.94	10	64.59	11	65.26
Bahrain	7	74.58	7	72.93	7	73.73	7	73.40	4	83.13
Cyprus	11	63.95	10	64.01	10	63.99	11	64.08	12	64.15
Egypt	8	70.94	8	71.23	8	71.35	9	70.75	10	71.16
Israel	6	74.88	4	76.47	5	76.57	5	76.60	6	76.69
Jordan	10	65.05	10	64.01	13	61.70	13	59.89	13	60.33
Kuwait	12	62.32	13	60.66	12	62.07	12	61.36	9	71.94
Morocco	3	81.84	3	82.29	3	82.25	3	82.47	3	83.25
Oman	5	75.35	6	75.17	6	75.18	6	75.11	7	75.19
Qatar	2	84.18	1	84.16	2	84.16	2	84.15	2	84.16
Saudi Arabia	4	77.25	3	76.86	4	76.62	4	76.70	5	78.35
Turkey	9	68.42	9	68.68	9	69.58	7	73.40	8	73.83
UAE	1	85.79	2	83.05	1	86.51	1	86.53	1	89.75

Source: Compiled from the doing business reports 2016 to 2020

Table 4: Ease of getting electricity: Filtered ranking for the middle east

Countries	2016		2017		2018		2019		2020	
	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score
Algeria	13	57.56	13	60.58	13	62.02	11	71.88	13	72.13
Bahrain	10	74.87	8	77.93	8	77.96	10	74.82	9	79.70
Cyprus	9	75.18	7	78.33	7	78.32	8	78.35	10	78.37
Egypt	12	62.02	12	71.49	12	71.37	13	71.54	11	77.93
Israel	8	76.25	10	76.24	10	76.24	9	76.24	12	76.25
Jordan	6	77.56	5	80.63	5	80.49	6	80.49	8	80.51
Kuwait	11	71.81	11	71.77	11	71.81	12	71.78	7	81.88
Morocco	3	82.44	3	82.83	6	79.64	3	81.34	3	87.26
Oman	2	83.63	2	83.59	2	83.60	2	86.53	4	87.08
Qatar	4	81.11	4	81.11	3	81.10	5	81.10	6	83.60
Saudi Arabia	7	76.78	9	76.76	9	76.76	7	79.89	2	91.82
Turkey	5	80.58	6	80.58	4	81.02	4	81.23	5	84.53
UAE	1	95.28	1	98.84	1	99.92	1	100	1	100

Source: Compiled from the doing business reports 2016-2020

from position nine in 2017, and its DB score has shown a remarkable improvement and is ranked 18 globally in 2020. Morocco is at position three and has remained at this position in most of the years of the study, with reasonable improvements in its DB score. Oman, which was at position two, has slipped to position four in 2020, as its DB score has improved only at a languid pace. Turkey is at position five, and its position is seen to be in the range of four to six during the study period. Qatar was at position six in 2020; its position had been declining from an appreciable level of three in 2018. Kuwait has improved from position twelve in 2019 to position seven in 2020, significantly improving its DB scores. Jordan, which was at position five in 2018, has fallen to position eight in 2020. Bahrain is at position nine, which has improved from position ten in 2019, but the increase in DB score is not significant. After showing signs of improvement, Cyprus declined to position ten in 2020. Egypt's DB scores improved significantly in 2020 and is at position eleven. Israel has fallen from position eight in 2016 to 12 in 2020 as its DB scores have remained more or less stagnant. Algeria continues at the bottom of the ranking table.

Getting electricity is easiest in the UAE, followed by Saudi Arabia, Morocco, Oman, and Turkey. Algeria is at the bottom of the ranking table.

4.4. Registering Property

The score for registering property is the simple average of the scores for each of the component indicators: the procedures, time, and cost to transfer property between two local companies, as well as the quality of the land administration index, which evaluates the reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. Table 5 presents the filtered ranking and DB scores for Middle East countries from 2016 to 2020.

Qatar, which was at position two in 2016, has improved to the topmost position in 2020, with a highly appreciable improvement in its DB score. United Arab Emirates, which was at the top of the ranking table till 2019, dropped a position to rank two in 2020, though its DB score has marginally increased. Bahrain is at position three, and its DB score also increased significantly in 2020. Saudi Arabia is at position four, with its DB score improving at a slower pace. Turkey is at position five in 2020. Kuwait is at position six, improving from position ten in 2016, significantly improving its DB scores in 2020. Oman, which was in position six, slipped to position seven in 2020. Israel, which was at position eleven, has improved to position nine in 2020, but its improvement in the DB score is snail-paced. Algeria is at the lowest position throughout

the period of study. Meanwhile, Morocco, which was at position eight in 2016, has gradually declined to position eleven by 2020.

Registering property is easiest in Qatar, followed by the UAE, Bahrain, Saudi Arabia, and Turkey. Algeria is at the bottom of the ranking table.

4.5. Getting Credit

The score for getting credit benchmarks economies with respect to the regulatory best practice on the indicator set, which includes the strength of the legal rights index, which measures whether certain features that facilitate lending exist within the applicable collateral and bankruptcy laws; and depth of credit information index, which measures the coverage, scope, and accessibility of credit information available through credit reporting service providers such as credit bureaus or credit registries. Table 6 presents the filtered ranking and DB scores for Middle East countries from 2016 to 2020.

Regarding the easiness of getting credit, Jordan, which was at the bottom of the ranking table in 2016, has significantly boosted its DB score in 2020 and is at the topmost position. Turkey is at position two with continuous improvement in its DB scores. Israel,

which was at the topmost position in 2016, has slipped to position three in 2020, though its DB scores have improved in 2020. Egypt, which was at position three in 2016, has slipped to position five in 2020 despite the improvement in the DB scores. Cyprus, which was at position one in 2016, has declined to position six in 2020. Oman was at position nine in 2016 and has declined to position twelve in 2020. Algeria is at the bottom of the ranking table.

Regarding the easiness of getting credit, Jordan is at the top, followed by Turkey, the UAE, Israel, and Egypt. Algeria is at the bottom of the ranking table.

4.6. Protecting Minority Investors

The score for protecting minority investors benchmarks economies with respect to regulatory best practices on the indicator set. The strength of the minority investor protection index is the sum of the disclosure index, the director liability index, the ease of shareholder suits index, the shareholder rights index, the ownership and control index, and the corporate transparency index.

The extent of the disclosure index measures the approval and disclosure requirements of related-party transactions. The extent of the director liability index measures when board members can

Table 5: Ease of registering property: Filtered ranking for middle east

Countries	2016		2017		2018		2019		2020	
	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score
Algeria	13	43.83	13	43.83	13	43.83	13	44.26	13	44.27
Bahrain	3	81.07	3	81.07	5	81.07	4	81.07	3	86.21
Cyprus	9	63.39	9	63.43	7	68.03	8	67.97	8	67.91
Egypt	12	54.19	12	54.30	12	54.96	12	55.00	12	55.04
Israel	11	58.92	11	59.75	11	60.65	9	66.69	9	67.11
Jordan	7	66.41	8	66.41	9	66.40	11	66.40	10	66.40
Kuwait	10	62.95	10	63.36	8	67.97	7	68.38	6	75.12
Morocco	8	65.36	7	66.56	10	65.72	10	66.61	11	65.84
Oman	6	74.74	6	70.66	6	70.72	6	71.06	7	73.03
Qatar	2	82.43	2	83.68	2	83.68	3	84.10	1	96.25
Saudi Arabia	5	78.15	5	78.51	4	81.19	2	84.11	4	84.52
Turkey	4	78.53	4	78.53	3	81.46	5	79.91	5	81.63
UAE	1	88.81	1	89.63	1	89.60	1	89.63	2	90.06

Source: Compiled from the doing business reports 2016-2020

Table 6: Ease of getting credit: Filtered ranking for the middle east

Countries	2016		2017		2018		2019		2020	
	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score
Algeria	12	10	12.00	10	13	10	13	10	13	10
Bahrain	7	40	4	45	6	45	6	45	7	55
Cyprus	1	65	2	60	2	60	5	60	6	60
Egypt	3	50	3	50	4	50	3	65	5	65
Israel	1	65	1	65	1	65	3	65	3	70
Jordan	13	0	13	0	12	30	10	35	1	95
Kuwait	9	35	9	35	9	35	10	35	9	45
Morocco	7	40	4	45	6	45	6	45	9	45
Oman	9	35	9	35	9	35	10	35	12	35
Qatar	11	30	11	30	9	35	9	40	9	45
Saudi Arabia	4	45	4	45	6	45	6	45	7	55
Turkey	4	45	4	45	3	55	1	75	2	75
UAE	4	45	4	45	4	50	2	70	3	70

Source: Compiled from the doing business reports 2016-2020

be held liable for harm caused by related-party transactions and what sanctions are available. The ease of shareholder suits index measures how likely plaintiffs are to access internal corporate evidence. The extent of shareholder rights index measures the role of shareholders in key corporate decisions. The extent of ownership and control index measures the rules governing the structure and change in control of companies. The extent of the corporate transparency index measures the level of information that companies must share regarding their board members, senior executives, annual meetings, and audits. Table 7 presents the filtered ranking and DB scores for Middle East countries from 2016 to 2020.

Among the Middle east countries, Saudi Arabia is in the number one position in protecting minority investors. It was at position five in 2016 but had improved significantly during the period of study. It is remarkable to note that globally, it is at position three. The UAE is at position two. Israel, which was at level one in 2016, has slipped to position three in 2020 despite its DB score remaining the same. This position drop is due to other countries taking better measures to protect minority investors. Cyprus was at position four during the study period, and its DB score improved marginally. Algeria is in the lowest position in this regard.

Saudi Arabia is at the topmost position in protecting minority investors, followed by the UAE, Israel, Cyprus, and Turkey. Algeria is at the bottom of the ranking table.

4.7. Paying Taxes

The ranking of economies on the ease of paying taxes is based on their scores for paying taxes, which is the simple average of the scores for each of the component indicators: The payments, time and total tax, and contribution rate for a company to comply with tax laws in an economy, as well as the post-filing procedures to request and process a VAT refund claim and to comply with and complete a corporate income tax correction. Table 8 presents the filtered ranking and DB scores for Middle East countries from 2016 to 2020.

Among the Middle East countries and globally, Bahrain tops the ranking table for ease of paying taxes. Qatar is at position two

in 2020, whereas it was at the topmost position till 2019. Kuwait is at position three. Israel is at position five with substantial improvement in its DB scores. Morocco is at position six in 2020, an improvement from position seven in 2016, with gradual, slow progress in its DB scores. Turkey, which was at position nine in 2016, has improved to position seven in 2020, with significant improvements in its DB scores. The UAE, which was at the topmost position till 2019, has declined to position nine in 2020 with a substantial decrease in its DB scores. Algeria and Egypt remain at the bottom of the ranking table.

Investors must remember that the gulf cooperation council (GCC) countries remained a tax-free destination until recently. In recent years, a few GCC nations have started introducing different kinds of taxes, which has significantly impacted their DB scores, especially those that have introduced several different taxes. Others are still to follow suit, which one can expect soon. Hence, one has to factor this into one's decisions.

Bahrain is at the topmost position regarding ease of paying taxes, followed by Qatar, Kuwait, Oman, and Israel. Algeria is at the bottom of the ranking table.

4.8. Trading Across Borders

The ranking of economies on the ease of trading across borders measures the time and cost associated with three sets of procedures for exporting and importing goods—documentary compliance, border compliance, and domestic transport—within the overall process of exporting or importing a shipment of goods. Table 9 presents the filtered ranking and DB scores for Middle East countries from 2016 to 2020.

Among the Middle East countries, Turkey is at the topmost position with improved DB scores. Cyprus, which was at position one till 2018, slipped a slot to position two in 2019 and 2020, as its DB score remained the same during the period of study. Morocco improved to three in 2020 from position four in 2016. Oman has improved its position to four in 2020 from six in 2016, with significant improvements in its DB scores. Israel, which was at position three in 2016, has gradually slipped to position five by 2020, as its DB score had remained stagnant till 2019 and has

Table 7: Strength of protecting minority investors: Filtered ranking for middle east

Countries	2016		2017		2018		2019		2020	
	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score
Algeria	13	20	13	20	13	20	13	20	13	20
Bahrain	8	52	9	52	9	52	6	64	7	66
Cyprus	4	72	4	72	5	72	4	76	4	76
Egypt	10	48	8	54	8	58	9	62	9	64
Israel	1	78	1	78	1	78	2	78	3	78
Jordan	12	42	11	42	11	42	11	50	11	50
Kuwait	5	60	7	60	7	60	6	64	7	66
Morocco	7	54	5	64	6	64	6	64	6	70
Oman	8	52	9	52	9	52	10	52	10	56
Qatar	11	44	12	28	12	28	12	28	12	28
Saudi Arabia	5	60	6	62	3	76	1	80	1	86
Turkey	2	76	3	76	3	76	4	76	4	76
UAE	3	72	1	78	1	78	2	78	2	80

Source: Compiled from the doing business reports 2016-2020

Table 8: Ease of paying taxes: Filtered ranking for middle east

Countries	2016		2017		2018		2019		2020	
	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score
Algeria	13	46.00	12	53.91	12	53.85	12	53.85	13	53.85
Bahrain	1	94.44	1	94.44	3	93.89	3	93.89	1	100
Cyprus	6	84.41	6	85.13	7	80.06	7	80.78	8	85.48
Egypt	12	50.82	13	51.37	13	50.51	13	52.55	12	55.14
Israel	10	71.94	8	79.56	8	79.95	8	80.23	5	89.61
Jordan	11	69.86	11	70.52	11	70.99	11	71.72	10	78.72
Kuwait	4	92.48	4	92.48	4	92.48	4	92.48	3	92.48
Morocco	7	83.84	7	83.74	6	85.72	6	85.72	6	87.22
Oman	5	90.60	5	90.60	5	90.60	5	90.16	4	90.16
Qatar	1	99.44	1	99.44	1	99.44	1	99.44	2	99.44
Saudi Arabia	8	74.69	9	74.57	9	75.00	9	75.00	11	78.66
Turkey	9	72.64	10	73.00	10	73.08	10	74.82	7	86.64
UAE	1	99.44	1	99.44	1	99.44	1	99.44	9	83.71

Source: Compiled from the doing business reports 2016-2020

Table 9: Ease of trading across borders: Filtered ranking for middle East

Countries	2016		2017		2018		2019		2020	
	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score
Algeria	13	27.74	13	27.74	13	27.74	13	38.43	13	38.43
Bahrain	7	75.34	7	75.97	7	75.97	7	77.77	7	78.68
Cyprus	1	88.44	1	88.44	1	88.44	2	88.44	2	88.44
Egypt	10	51.01	12	42.23	12	42.23	12	42.23	12	42.23
Israel	3	82.85	3	82.85	3	82.85	4	82.85	5	83.42
Jordan	5	78.87	5	79.03	6	79.03	6	79.03	6	79.03
Kuwait	11	48.82	10	50.50	10	50.50	11	50.50	11	52.61
Morocco	4	81.21	4	82.37	4	82.37	3	84.83	3	85.58
Oman	6	77.28	6	78.09	5	79.18	5	79.18	4	84.07
Qatar	9	70.49	9	70.49	9	71.51	9	71.51	10	71.51
Saudi Arabia	12	48.45	11	48.45	11	49.59	10	54.31	8	75.98
Turkey	2	87.91	2	87.91	2	87.91	1	91.45	1	91.63
UAE	8	72.68	8	72.68	8	72.68	8	72.68	9	74.10

Source: Compiled from the doing business reports 2016-2020

very marginally increased in 2020. Jordan has slipped to position six in 2020 from position five in 2016, with no improvement in its DB scores in recent years. Bahrain has remained at position seven during the study period, with marginal improvement in its DB scores. Meanwhile, Saudi Arabia, at position twelve in 2016, has improved its DB scores substantially and is at position eight in 2020. The UAE is at position nine in 2020, with a marginal improvement in its DB score in 2020. Qatar, which was at position nine till 2019, has dropped by one position to ten in 2020. Algeria occupied the lowest position throughout the period of study.

Turkey is the most convenient country for trading across borders, followed by Cyprus, Morocco, Oman, and Israel. Algeria was at the bottom of the ranking table throughout the study period.

4.9. Enforcing Contracts

The ranking of economies on the ease of enforcing contracts is the simple average of the scores for each of the component indicators: The time and cost for resolving a commercial dispute through a local first-instance court, the quality of judicial processes that promote quality and efficiency in the court system, and extent of court automation. Table 10 presents the filtered ranking and DB scores for Middle East countries from 2016 to 2020.

In enforcing contracts, the UAE is at the topmost position during the study period, though there has been no evident improvement in its DB scores from 2017 onwards. Turkey has been in position two with slight improvements in its DB scores. Saudi Arabia is in position three in 2020 from a lower position seven in 2016, with a gradual and continuous increase in its DB scores. Bahrain has shown a tremendous improvement from position ten in 2016 to position four by 2020, with significant improvement in its DB scores. Morocco, which was at position three in 2016, has dropped to position five in 2020, though there was a slight improvement in its DB score. Similarly, Oman, at position four in 2016, has declined to position six in 2020. During the study period, Egypt has remained at the lowest level, just behind Cyprus.

The UAE is the top-ranked country regarding contract enforcement, followed by Turkey, Saudi Arabia, Bahrain, and Morocco. Egypt was at the bottom of the ranking table throughout the study period.

4.10. Resolving Insolvency

The ranking of economies on the ease of resolving insolvency is the simple average of the scores for each component indicator:

the recovery rate of insolvency proceedings involving domestic entities and the strength of the legal framework applicable to judicial liquidation and reorganization proceedings. Table 11 presents the filtered ranking and DB scores for Middle East countries from 2016 to 2020.

Among the Middle East countries, Israel is at the topmost position, and Cyprus is at position two for ease of resolving insolvency throughout the study period. Bahrain has improved its position from four in 2016 to position three in 2020, with a significant improvement in its DB score in 2020. Morocco, which was at position eleven in 2016, improved to position three in 2019 with substantial improvement in its DB score but slipped to position four in 2020. The UAE is at position five. Algeria, which was at position three in 2016, has dropped to position six in 2020 as its DB scores have remained stagnant. Saudi Arabia has occupied the lowest position in the ranking table throughout the period of study.

Among the Middle East countries, Israel is at the topmost position regarding ease of resolving insolvency, followed by Cyprus, Bahrain, Morocco, and the UAE. Saudi Arabia was at the bottom of the ranking table throughout the study period.

Table 12 presents the ease of doing business indicator-wise filtered ranking for Middle East countries for 2020.

The study reveals that starting a new business in the Middle East is easiest in the UAE, followed by Israel, Oman, Saudi Arabia, and Morocco. The UAE is the easiest place to get construction permits in the Middle East, followed by Qatar, Morocco, Bahrain, and Saudi Arabia. Getting electricity is easiest in the UAE, followed by Saudi Arabia, Morocco, Oman, and Turkey. Registering property is easiest in Qatar, followed by the UAE, Bahrain, Saudi Arabia, and Turkey. Regarding the easiness of getting credit, Jordan is at the top, followed by Turkey, the UAE, Israel, and Egypt. Saudi Arabia is at the topmost position in protecting minority investors, followed by the UAE, Israel, Cyprus, and Turkey. Bahrain is at the topmost position regarding ease of paying taxes, followed by Qatar, Kuwait, Oman, and Israel. Turkey is at the topmost position regarding ease of trading across borders, followed by Cyprus, Morocco, Oman, and Israel. The UAE is the top-ranked country regarding contract enforcement, followed by Turkey, Saudi Arabia, Bahrain, and Morocco. Among the Middle East countries, Israel is at the topmost position regarding ease of resolving insolvency, followed by Cyprus, Bahrain, Morocco, and the UAE.

Table 10: Ease of enforcing contracts: Filtered ranking for middle East

Countries	2016		2017		2018		2019		2020	
	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score
Algeria	8	54.78	8	54.78	9	54.78	10	54.78	10	54.78
Bahrain	10	53.60	10	53.60	8	57.31	8	57.31	4	63.79
Cyprus	12	46.74	12	48.59	12	48.59	12	48.59	12	48.59
Egypt	13	39.97	13	39.97	13	39.97	13	39.97	13	39.97
Israel	6	58.86	6	58.86	7	58.86	7	58.86	8	58.86
Jordan	11	52.42	11	52.42	11	53.71	9	55.56	9	55.56
Kuwait	5	59.58	5	59.58	4	61.43	5	61.43	7	61.43
Morocco	3	60.93	3	60.93	5	60.93	6	60.93	5	63.70
Oman	4	60.02	4	60.02	3	61.87	4	61.87	6	61.87
Qatar	9	54.64	9	54.64	10	54.64	11	54.64	11	54.64
Saudi Arabia	7	56.92	7	56.92	6	60.63	3	63.41	3	65.26
Turkey	2	68.08	2	68.08	2	69.93	2	71.78	2	71.40
UAE	1	74.74	1	75.88	1	75.88	1	75.88	1	75.88

Source: Compiled from the doing business reports 2016-2020

Table 11: Ease of resolving insolvency: Filtered ranking for middle East

Countries	2016		2017		2018		2019		2020	
	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score	Rank	DB score
Algeria	3	49.24	3	49.24	4	49.24	5	49.24	6	49.24
Bahrain	4	44.28	4	44.66	5	44.42	6	44.57	3	58.18
Cyprus	2	71.23	2	72.00	2	72.21	2	72.32	2	72.52
Egypt	7	39.49	8	39.51	8	38.89	8	42.27	8	42.24
Israel	1	72.47	1	72.75	1	72.74	1	72.73	1	72.74
Jordan	12	30.17	12	30.38	12	30.53	12	30.31	9	39.68
Kuwait	8	39.08	7	39.58	7	39.44	10	39.29	10	39.20
Morocco	11	33.89	11	33.89	10	34.03	3	52.84	4	52.95
Oman	5	44.14	5	44.34	6	44.14	7	44.09	7	43.98
Qatar	9	38.01	9	38.23	9	38.41	11	38.12	12	38.00
Saudi Arabia	13	0.00	13	0.00	13	0.00	13	0.00	13	0.00
Turkey	10	35.09	10	34.98	11	33.26	9	40.71	11	38.46
UAE	6	40.61	6	40.61	3	49.80	4	49.67	5	49.26

Source: Compiled from the doing business reports 2016 to 2020

Table 12: Ease of doing business indicator-wise filtered ranking: Middle East countries 2020

Countries	Starting business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting minority investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency
Algeria	13	11	13	13	13	13	13	13	10	6
Bahrain	7	4	9	3	7	7	1	7	4	3
Cyprus	6	12	10	8	6	4	8	2	12	2
Egypt	10	10	11	12	5	9	12	12	13	8
Israel	2	6	12	9	3	3	5	5	8	1
Jordan	12	13	8	10	1	11	10	6	9	9
Kuwait	9	9	7	6	9	7	3	11	7	10
Morocco	5	3	3	11	9	6	6	3	5	4
Oman	3	7	4	7	12	10	4	4	6	7
Qatar	11	2	6	1	9	12	2	10	11	12
Saudi Arabia	4	5	2	4	7	1	11	8	3	13
Turkey	8	8	5	5	2	4	7	1	2	11
UAE	1	1	1	2	3	2	9	9	1	5

Source: Compiled from the doing business report 2020

5. CONCLUSION

It is evident that currently, the UAE offers the most investor-friendly environment for investment with the top rank in Starting a business, Dealing with construction permits, Getting electricity, and Enforcing contracts; and second rank for Registering property and Protecting minority investors; and third rank for Getting credit; and fifth rank for Resolving insolvency, though they are at a lower rank of nine for Paying taxes and Trading across borders – but it is in the process of bringing in more clarity and transparency with the taxation in line with the Organisation for Economic Cooperation and Development (OECD) proposals and is in the process of signing treaties with several countries for smoother and healthier cross-border trading. This finding reinforces the finding of the previous study by Fernandez et al. (2023) to identify the most favored foreign direct investment destination in the Gulf Cooperation Council countries, comparing the global rankings of each GCC country on investment decision parameters: market size, economic growth, infrastructure, technology adoption, innovation friendliness, productive and diversified labor force, financial infrastructure, taxation, political risk, corruption, and ease of doing business found that the UAE is the most favored FDI destination in the GCC. Thus, from this study, it can be concluded that the UAE currently has the most investor-friendly environment in the Middle East.

The current proactive policies and regulations being promulgated, like longer-term visas, the Golden Card permanent residency scheme, the Blue Residency visa, and the decoupling of residency visa status from employment, reveal the UAE's intent to become more investor-friendly - further confirming our findings. Despite all these, a word of caution: Investors will have to factor in global warming and its impact in the Middle East and policies like Emiratisation, Omanisation, Saudisation, and similar ones in each of these countries while finalizing the investment decision.

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