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Formalization as an Important Movement Post-COVID: Factors Supporting the Transition of Street Food Vendors into the Formal Economy in Egypt

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Abstract

Informal economy is one of the most important issues in Egypt and the whole world. In Egypt, the informal economy represents more than 50%, provides 68% of new jobs, and increases in size relative to the formal economy by 1% every year (Frederick et al., 2004). This paper examines the important trend of formalization especially after the pandemic and explores the factors supporting the transition of street food vendors, specifically Coffee Truck Vendors, into the Formal Economy in Egypt. With many papers and studies investigating the role and view of the governmental and regulatory bodies, this study focuses on the street vendors view to better explore the factors supporting their transition into the formal economy. Exploratory survey was conducted with 100 vendors across Greater Cairo. Four hypotheses were explored to stand on the factors supporting the formalization and results showed positive effect of taxes, governments laws and regulations and reduction of legal procedures, and social security availability on Coffee Truck Vendors' transition into the Formal Economy in Egypt. Whereas access to finance got the least importance. Research shed light on the importance of government extensive role to offer and promote different business models of street vendors, to create more awareness about facilitation programs and access to finance models tailored for street vendors, and to secure the basic social needs to this underprivileged segment.

Keywords: Informal economy, Formalization, Street Food Vending, Coffee Truck Vendors, Government Policies