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# The Impact of Regulations on the Formation of Small/Intermediate Businesses in Egypt: The Gap between the Intended and the Implemented Application

Sayed Elsayed ElKhouly, Ain Shams University  
Hala El Sedfy, Ain Shams University

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## ABSTRACT

*The formation of small business in Egypt has been a cultural issue for so long. The government used to secure jobs for the mass of college graduates with a secure position and guaranteed paycheck. But for some time now it has been a struggle for the inflated governmental sector to secure those jobs and continue to give quality service. Thus, people are tending now to develop small businesses to fight unemployment and to secure a better quality of living for themselves and their families. The Egyptian government, however, has discovered a shift in the behavior of the Egyptian culture and recently began to act accordingly. A set of new regulations and reforms in the investment protocol has been made. Also, a new trend in the media regarding loan coverage has developed. Even the highest office in the country has addressed the issue both internally and externally. Yet, on the ground people still struggle daily with the implementation of those regulations. This paper aims to discuss the impact of the implementation of the legislation on the ground and see whether the entrepreneurs are receiving the help they should or not and also analyze the effect of the bureaucratic government when doing business and the actual implementation of the law. Also, we examine whether small businesses are actually applying those regulations or is corruption taking place in the process. A single cross-sectional descriptive design was used. a convenience sample of 55 small business were examined in four rural locations in Cairo and Giza was drawn, ranging in size from 4 employees to 25 employees. Data was collected through a questionnaire consisting of 29 questions of which 17 were open ended and 8 were closed. Results showed that business owners felt no effective application of the legislation on the ground. Also, there are certain business titles that are not yet included in the formation of the business permits. In analyzing the cultural trend of those entrepreneurs, it was found that the lack of quality labor force is a big issue regarding implementing the labor legislations. Results showed that the majority of respondents believe that both corruption and the poor quality of education are the core reasons for the chaos found on ground. The study was able to identify certain reasons behind the tough circumstances that business owners face when forming a business.*

Keywords: Government, Investment, Law, Small business, Entrepreneurship, Culture, Gap.