

Researchers

David McKenzie
World Bank

Does it pay for microentrepreneurs to formalize?

The [World Bank's Private Sector Development blog](#) discusses the findings of a new study on the informal sector in Bolivia by IPA Research Affiliate David McKenzie:

["Do Marginal Firms in Bolivia Benefit from Formalizing?"](#)

"David McKenzie and Yaye Seynabou Sakho have written a great piece explaining both why some firms choose not to formalize and what the benefits of formalization might be. You can read a short version [here](#) and a longer version [here](#). The authors find that Bolivian firms that are located close to a tax office are more likely to formalize. This finding is further evidence that initial registration costs and/or lack of information affect firms' decisions to formalize..."

August 17, 2009