



Covid-19 as accelerator for digital transformation and the rise of the gig economy

Foreword

Covid-19 has taken the world by storm; a storm that humanity has been struggling to navigate, both from a health perspective and socio-economically. By the end of March 2020, 204 countries and territories around the world were hit by the Covid-19 outbreak. More than 3 million cases and 200,000 deaths have been reported to date, thereby leading governments to resort to social distancing and lockdown policies in an attempt to halt the rapid spread of the virus.

The socio-economic impact of this pandemic, as officially stated by the World Health Organization (WHO), is already massive. The IMF declared that the world is entering a recession that could be as bad as or worse than in 2008-2009.¹ Changes in the geopolitical landscape are expected, while industries and sectors are potentially disrupted.

In these unprecedented circumstances, digital transformation has become a pressing necessity rather than a long-term aspiration, as it will help countries and businesses alike alleviate the impact of a looming crisis. More importantly, it will ensure sustainability and growth beyond the crisis. The digital gig economy where services are transacted through online channels, which was growing rapidly before the pandemic, would require special measures to ensure quick recovery and sustainable growth.



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¹ IMF, Kristalina Georgieva, Chairwoman and Managing Director of the IMF, Opening Remarks at a Press Briefing following a Conference Call of the International Monetary and Financial Committee (IMFC), 27 March 2020



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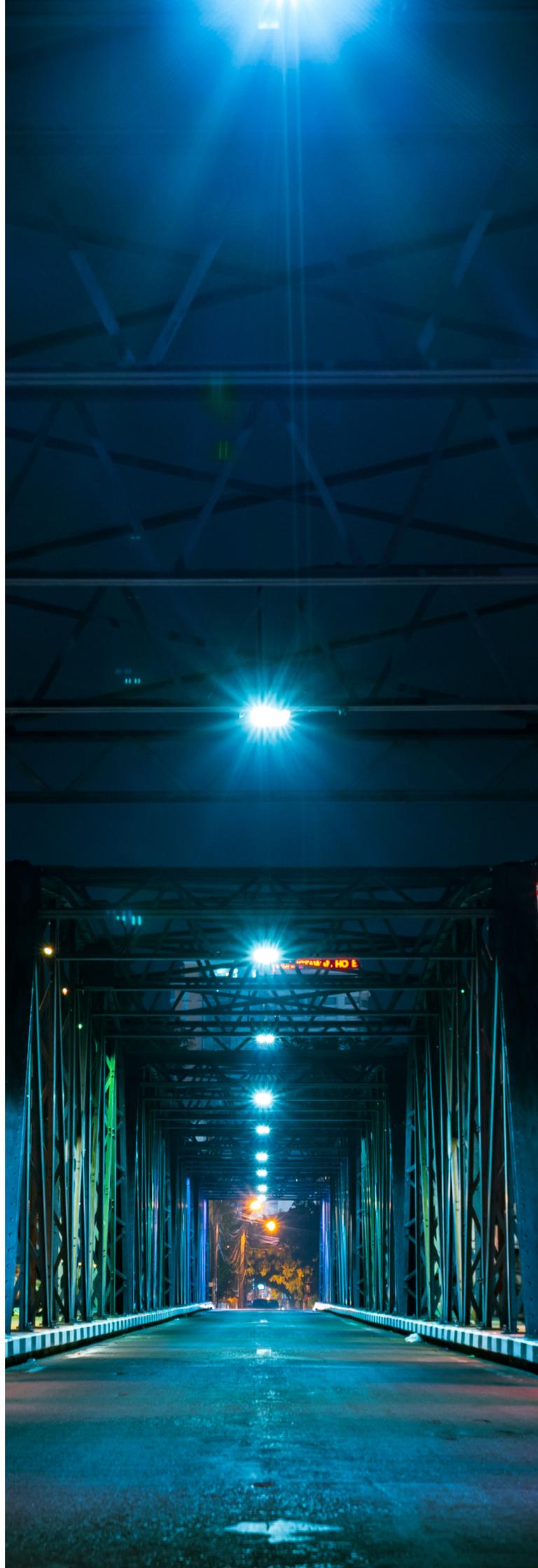
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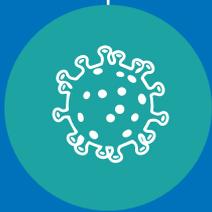
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Impact of Covid-19 and the opportunities to capture

Introduction

Infectious diseases have been around throughout history and the modern era of globalization has amplified the speed of how epidemics can spread around the world.

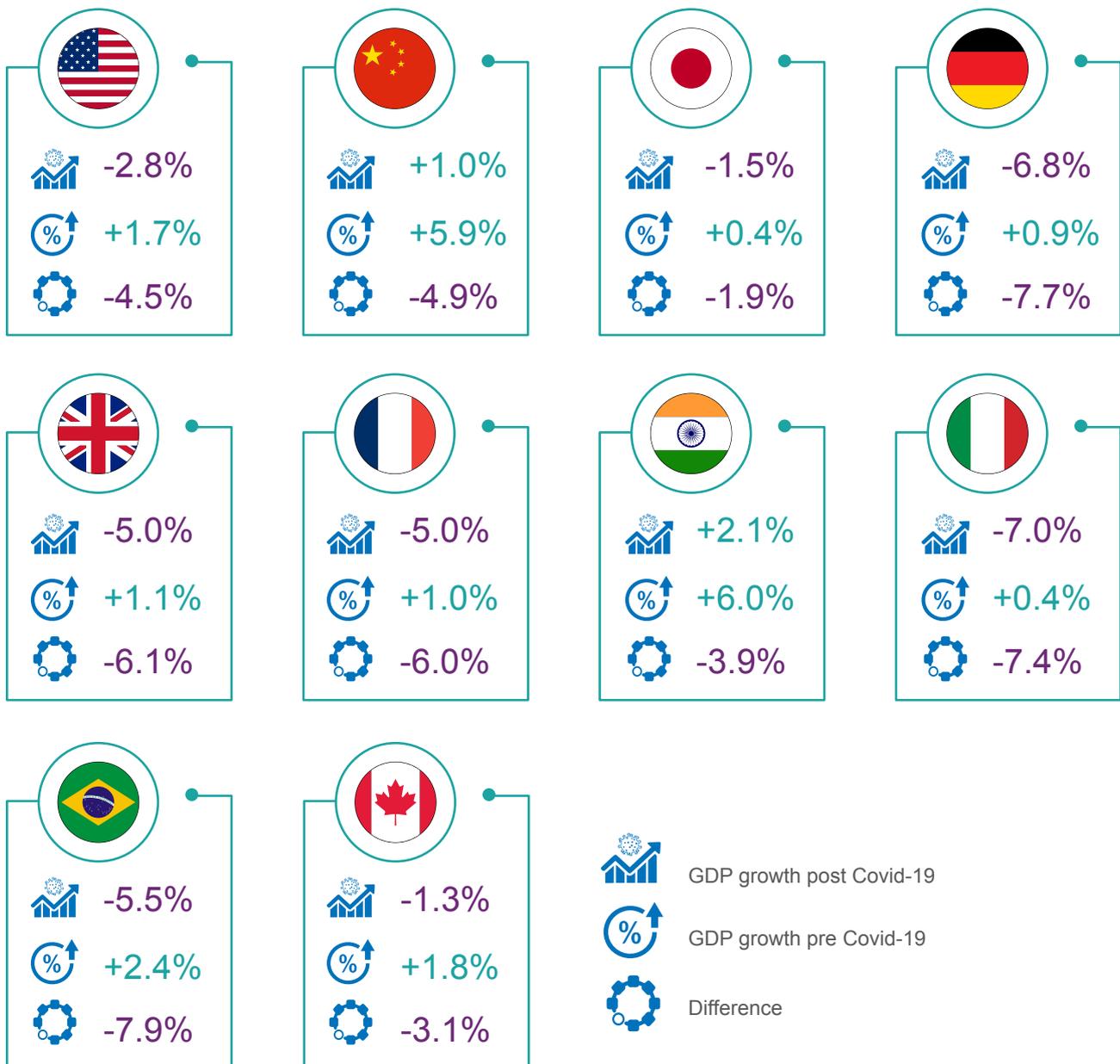
Following the outbreak of Covid-19, governments around the world took different measures to prevent the spread of the life-threatening disease. A common measure amongst government responses has been the encouragement and enforcement of social distancing, that is maintaining a distance from other people as much as possible. In some countries where the virus hit hardest or where the government opted for more stringent measures, complete lock-downs were enforced to restrict the mobility and interactions of citizens. The main rationale behind this strategy is that slowing the growth curve of new cases will prevent the healthcare system from being overrun. In many countries, particularly in Europe, containment measures were initially announced for a period of two to three weeks, but were quickly extended until further notice.

The consensus amongst epidemiologists is that the virus may resurface once restrictions are lifted and thus these policies would remain in one way or another. Until globally reported cases are eliminated, social interactions will be radically different from what we know today.

Covid-19 and its economic impact

According to estimates, Covid-19 comes at an unprecedented economic cost, largely because of the immediate disruption of productivity and output. The economic impact of the Covid-19 outbreak has been already observed on the stock market; during Q1 of 2020, Nikkei lost -22.2%, Dow Jones: -24.1% and FTSE 100: -28.8% (Bloomberg: April 1, 2020). The average growth of GDP forecasts in the top 10 economies in the world became -3% after Covid-19; it was +2%; which is a decline of -5% overall.

Projected GDP growth in 2020, pre- and post-Covid-19, for the top 10 countries by GDP



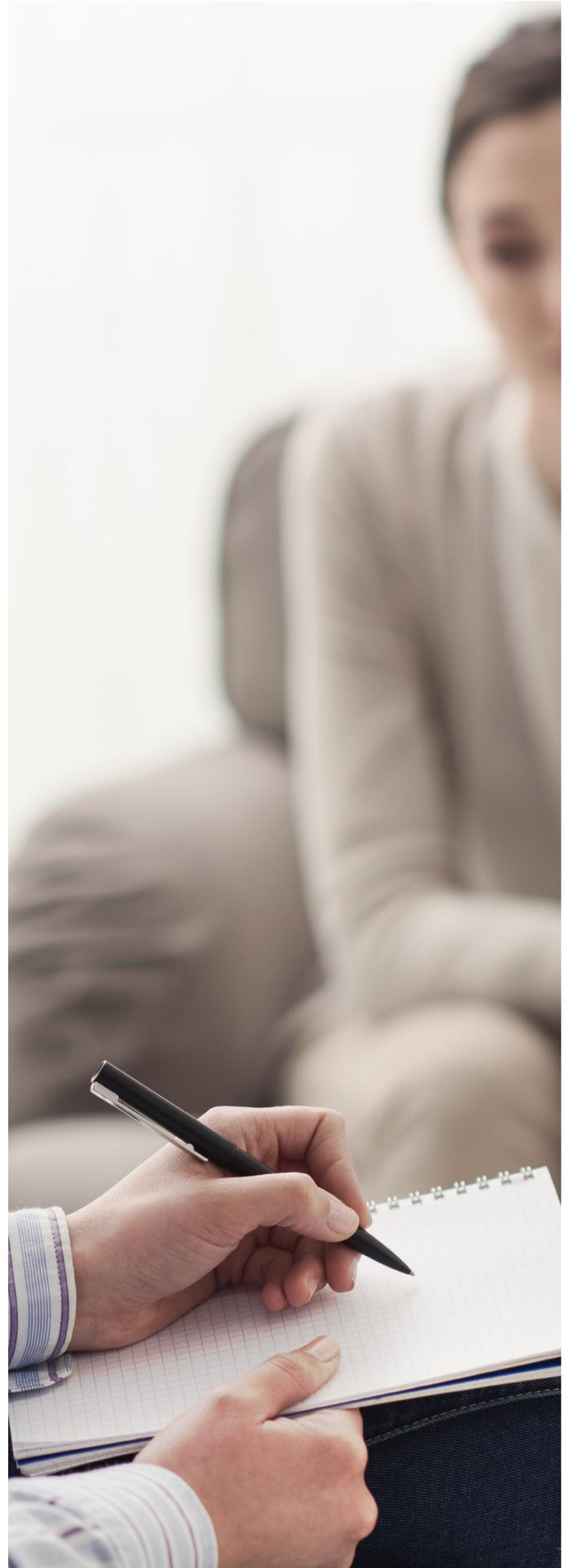
Source: The Economist, Intelligence Unit, 24/03/2020

Covid-19 and its impact on behavior

Historically, when humans are faced with a crisis or a big change, there are four main phases to be identified: 1) frustration and resistance; 2) adaptation and conformity; 3) routine and comfort; 4) innovation and evolution. In the first phase, people tend to resist and resent change, in an attempt to force-fit their old routines into the current situation; results are usually disappointing, causing frustration and anger. In the second phase, people start looking at the “bright side” of the situation and attempt to adapt by changing their routines (humans tend to always underestimate their ability to adapt quickly and effectively facing a new situation). In the third phase, people tend to embrace change and consider it the “new norm,” and get comfortable with their new routines. Finally, in the last phase, people start to innovate. After having “mastered” a new setup, they start finding ways to improve and enhance their new norm.

One good example of humans’ psychology in dealing with change, is a famous social network platform’s user interface. Around 2009-10, the platform had a drastic user interface change. Many users initially disliked the “new look and feel” and consistently requested from the company to roll back the old interface. In only a couple of months, they became accustomed to the new interface followed by a demand for new features that the company had not even thought of.

Despite the short span since the Covid-19 outbreak, we have already observed these phases of human behavior in coping with the crisis. Thus, we believe that shortly after this crisis recedes, new norms, like teleworking, studying remotely and online shopping, would have already been accepted and adapted to.



Opportunities in times of crisis

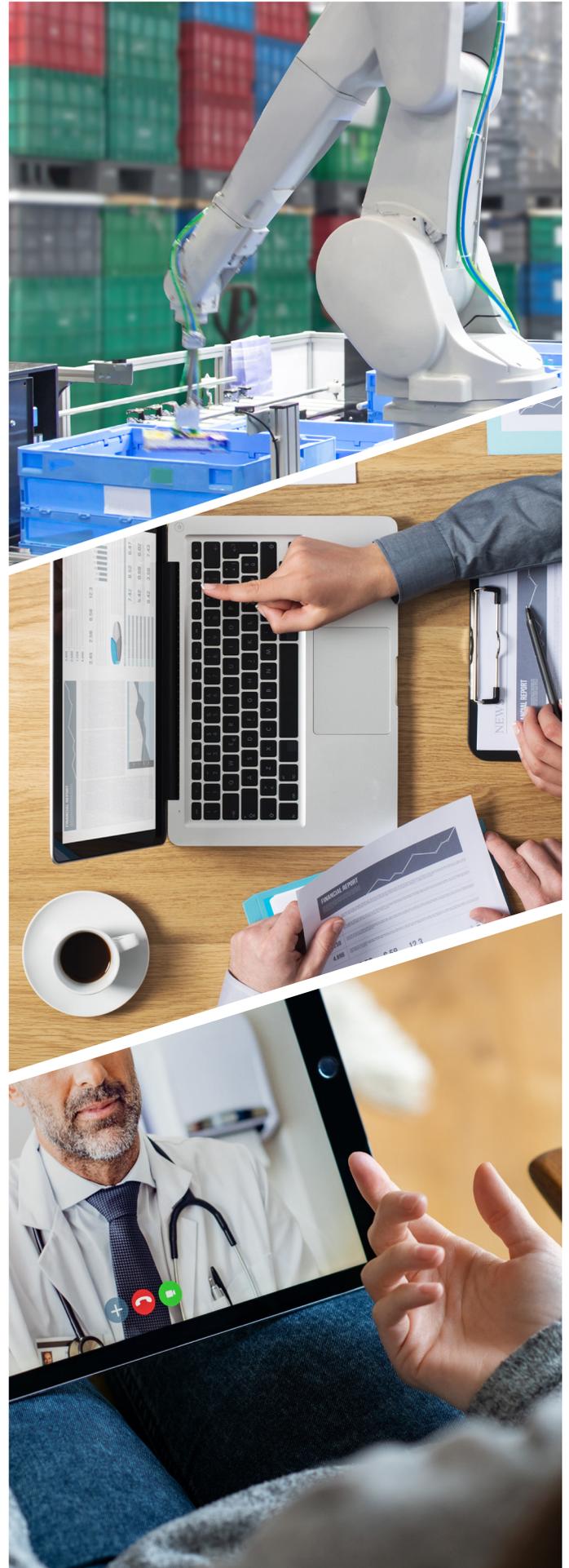
The new norms will drive big opportunities for service providers in many spaces, such as but not limited to connectivity, digital education, home office setup, and e-commerce. At the same time, they will impose big challenges on the current operating models that organizations employ, requiring new investments to achieve organizational effectiveness. The new model requires a change of policies and procedures, risk assessments, business continuity plans, and rethinking supply chains and resource provisioning. This may also impact how much office space is needed; perhaps an 80 percent capacity is enough assuming 20 percent of the employees will work remotely at any given day. Lastly, such transformation to a hybrid environment requires changes in work culture and habits and managements styles, including possibly new performance management systems.

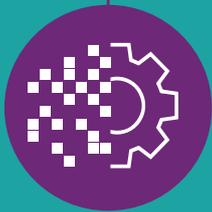
In general, businesses with digital tools and services are faring better as they can reach consumers remotely. According to Statista, online toy sales in South Korea have increased, especially in the educational segment (367%) reflecting the effect of the Covid-19 on school closures. In the US, online grocery orders (for select items such as pasta, canned foods, and others) grew by an average of 277% between January and February alone.

Furthermore, businesses are looking to transform their models to adapt to the current situation. Examples from the region include a shoemaker in Palestine converting its factory to make sterilized masks which are widely in need; in Lebanon, a clothing factory transformed its operations to produce sterilized apparel to support hospitals and pharmacies.

Thus, businesses in impacted sectors must opt to transform their core business processes to sustain survival through the crisis. Retailers must further engage in online deliveries to reach their customers. Other companies can explore the support of emerging technologies like Artificial Intelligence (AI), Blockchain, IoT, and others, to cope with the new situation.

This is not alien to humans. Every crisis, despite its socio-economic pain, has witnessed innovation and disruption of industries and sectors. The period after the 2008-09 recession witnessed the emergence of the disruptors and now giants of of the sharing economy and more; Uber, Airbnb and WhatsApp. We expect the period post-COVID-19 to be no different, and thus several industries will be disrupted via new innovations and applications. We do not know where the disruption will be. What we do know is that this crisis presents many opportunities that innovators and disruptors would be eager to capture, and although the COVID-19 outbreak affected everyone, some industries are more resilient than others. Thus, chances are the disruption may very well be in the most impacted sectors.





Accelerating digital transformation

Introduction

Digital transformation can be defined as “a new business transformation paradigm leveraging cutting-edge technologies to design and implement a customer-centric operating model” or “the redesign of business models and processes by leveraging data and digital capabilities.”

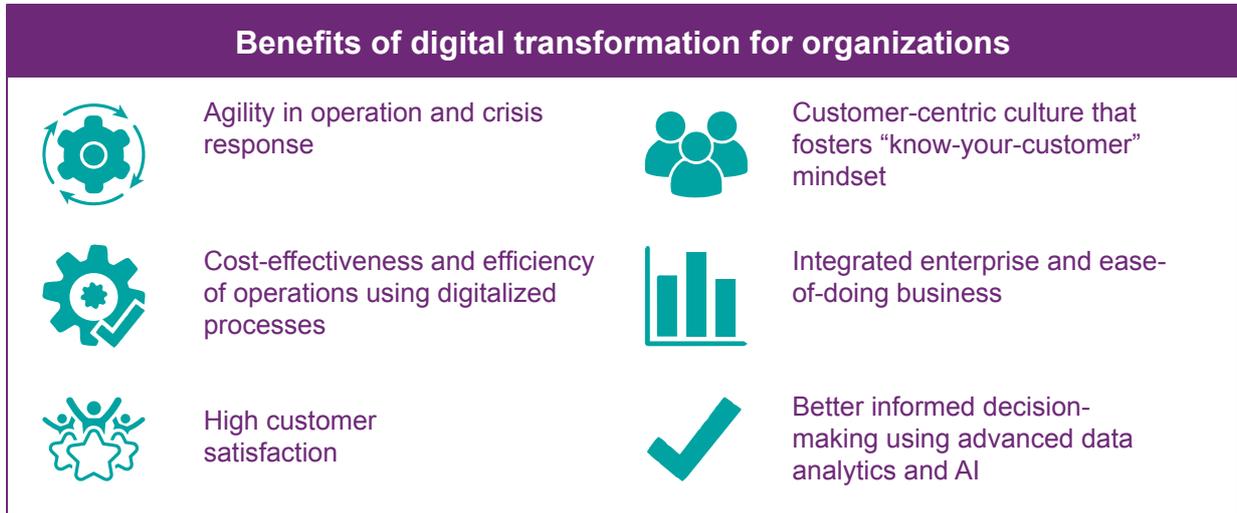
With the continuous advancement of technologies, digital transformation has become a major determinant of countries’ competitiveness and a prerequisite for securing and sustaining socio-economic prosperity. For instance, the digital economy³ has been growing 2.5x faster than the legacy economy, thereby making leading nations achieve +35% contribution to GDP from the digital economy. In pre-Covid-19 studies, the global digital economy was expected to grow from an average of 18% in 2019 to 25% by 2025 of the global GDP. This has pushed governments to compete in devising the best digital strategies and allocating the necessary resources for national digital transformation programs that span all sectors.

Similarly, digital transformation enables businesses and organizations to grow while being efficient and resilient.

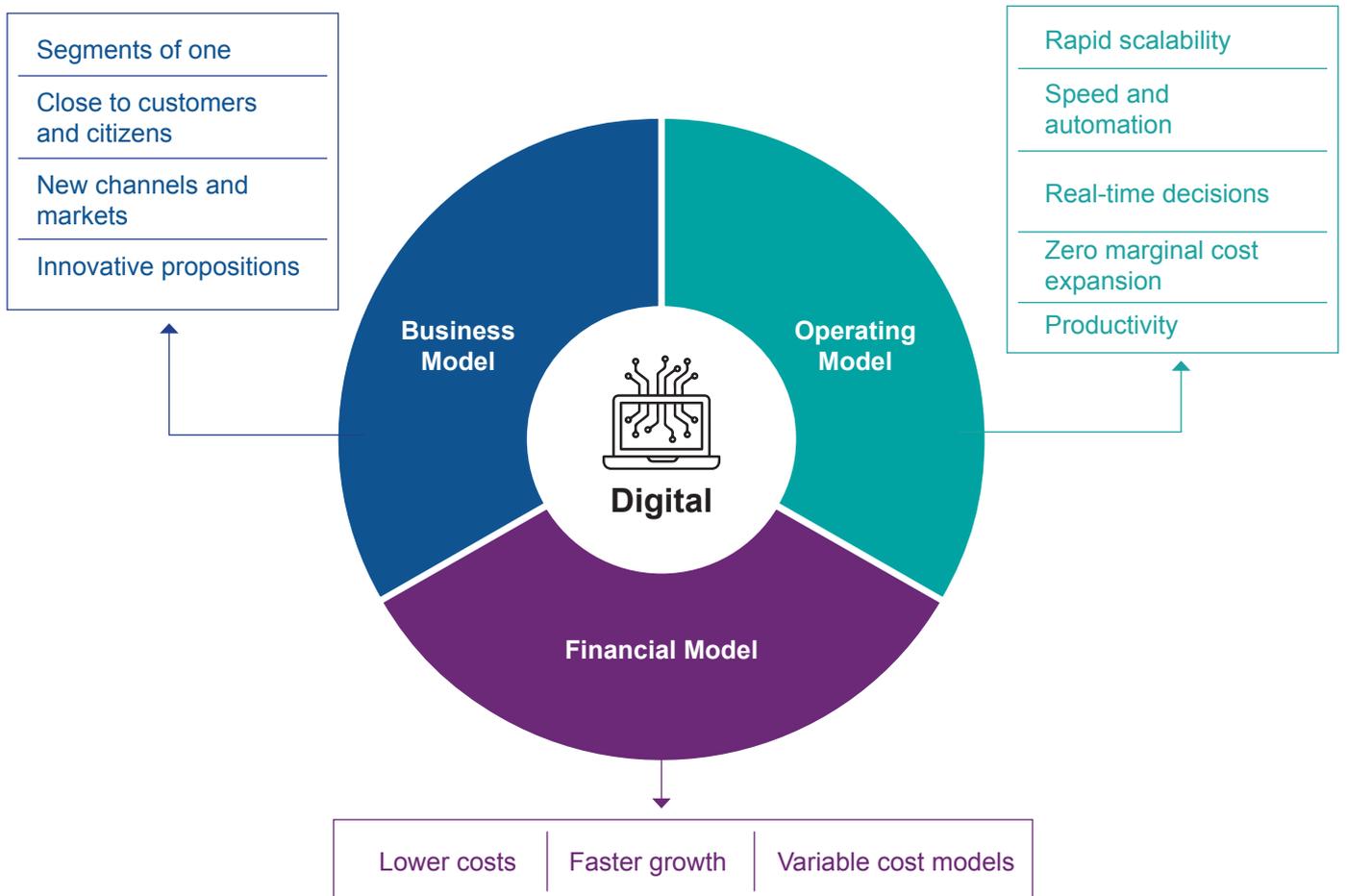
³ The digital economy includes digital assets (e.g., ICT, emerging technologies), digital services (i.e., value adding use of digital assets) and digital spillovers (i.e., “knock-on” benefits from initial digital investment sending productivity gains rippling across the economy).

Benefits of digital transformation

Digital transformation can bring many benefits that organizations can reap through robust digital plans and strategies.



To realize these benefits and achieve the full potential of digital, businesses need to re-think their financial, business and operating models.

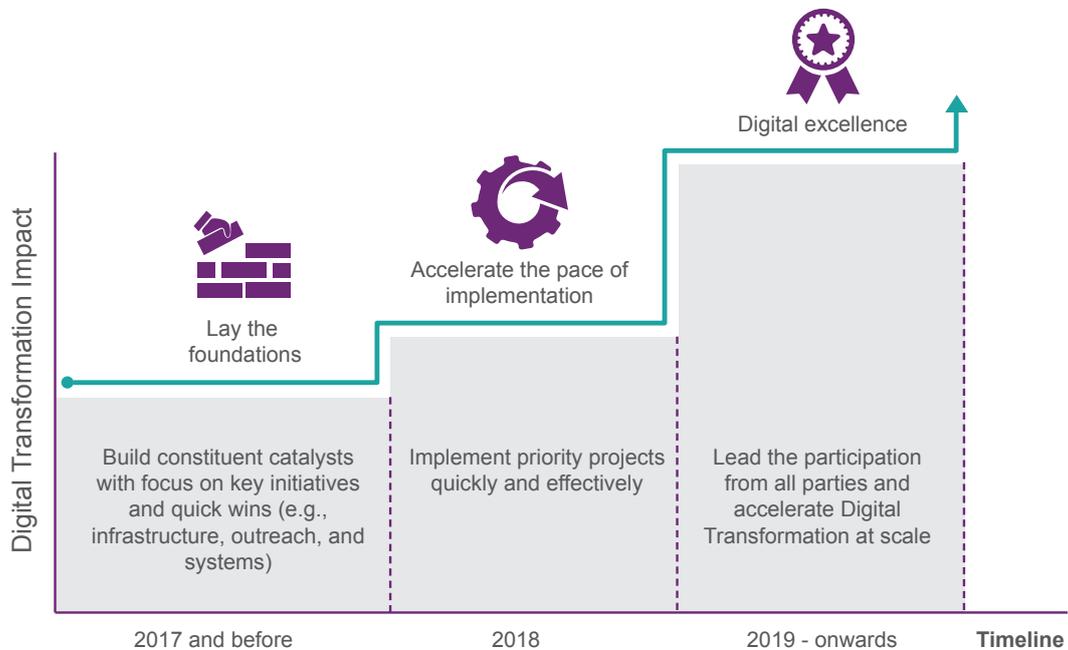




In Saudi Arabia, digital transformation is considered a key enabler to achieve Vision 2030, aiming to build a digital vibrant society, a digital thriving economy, and a digital ambitious nation. Many of these objectives can be accelerated through digital transformation.



The implementation of digital transformation in Saudi Arabia has taken a phased and flexible approach. Starting with the foundation, it went into an accelerated pace while currently focusing on digital excellence.



To achieve digital excellence, the Saudi government has been focusing on:



Upscaling digital services in priority sectors, particularly in healthcare and education to improve the lives of all citizens



Moving from basic consumer to digital citizen



Creating future-proof jobs



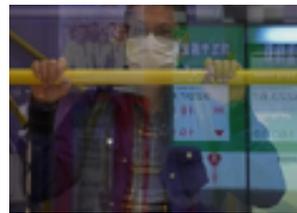
Heavily empowering the private sector to lead in implementing and managing digital projects

Digital transformation to navigate the Covid-19 crisis

Digital transformation enables organizations to put in place seamless business continuity plans for times of crisis, which would create minimum impact to their business-as-usual operations and facilitate remote work and collaboration. This is especially the case in the current Covid-19 crisis, where we have already observed the public and private sectors heavily relying on digital tools to mitigate the expected negative impact of the crisis.



Robots and AI-powered droids are used to distribute meals in hospitals to deliver medicine and collect bed sheets and rubbish. The AI devices can cut the workload of medics and curb cross-infection



Using tracker wristbands to geofence people under coronavirus quarantine



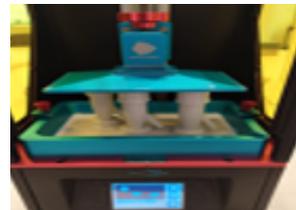
Traditional schools embrace online learning as coronavirus forces students to stay at home



Health-rating applications to control movements during the outbreak were developed by Alibaba and Tencent



Police are using drones to enforce social distancing measures



3D printing helps ease the shortfall of valves that have been in huge demand since the outbreak

Albeit the Covid-19 lockdown has forced certain sectors to provide tele-services to survive, it may also force the rest of the world to get ready for the “future norm”, where people will mainly expect and require digital services and experiences. For example, the tourism sector, which has been severely hit by the crisis, may need to consider the development of Virtual Reality (VR) museums, VR events, remote conferences and workshops (the recent G20 summit in Saudi Arabia was conducted online), for today to revive, and for tomorrow to sustain. It is therefore vital for organizations in both the public and private sectors to accelerate their digital transformation plans to navigate the current crisis and prepare for tomorrow’s digital world.

Saudi Arabia's digital efforts to help navigate the Covid-19 crisis

Saudi Arabia, as many other countries, has taken proactive decisions to limit the spread of the pandemic in the Kingdom, by enforcing a temporary suspension of entry to all visitors from outside the Kingdom, preventing gathering in public spaces, suspending studies in public and private universities, and schools, restricting food orders to take-away and deliveries in cafes and restaurants. There have also been temporary suspensions of attendance at workplaces in all government facilities except for essential sectors, suspending work attendance in headquarters' facilities in the private sector, and setting curfews.

To alleviate the impact of such necessary decisions, many initiatives have been devised in different sectors and places across the Kingdom. Most notably, digital tools and platforms have been able to lessen the burden of these measures on citizens and residents.

Teleworking

The most notable development is however a paradigm that has been common practice in other countries, like the US, Canada, UK, France and Australia, which is Telework. A developed telework infrastructure in the current situation is a good indicator for the digital transformation maturity, as it quickly became the 'new norm' around the world.

Roughly a third of the workforce – in applicable sectors – in the US have been working from home before the Covid-19 crisis. Large organizations such as Twitter, Facebook and Google already encourage their employees to work from home.

Telework can bring many benefits to governments, businesses and employees in various areas. For example, the UK government was able to achieve £32bn in annual national savings for 2 Telework days per week, as well as £3.2bn in annual national savings from decreased employee absenteeism due to Telework. In the US, 83% of employees said Telework improved their morale, while 68% said Telework improved their health. Australia was able to achieve 50% reduction in CO2 emissions due to Telework, with 78% of businesses reported higher job satisfaction of their employees due to Telework.⁴

However, while digitally mature organizations have been able to enjoy the benefits of teleworking, many organizations still lack a robust Telework ecosystem to capture those benefits. Until Covid-19, it was not common practice for many organizations to enable teleworking within the governing business models. Nevertheless, one of the outcomes of the Covid-19 crisis is that these norms have shifted, and organizations in both the public and private sectors quickly recognized the benefits of accelerating and prioritizing their digital transformation strategies to implement teleworking as business-as-usual.

Such transformation would, aside from being a necessary solution to the current crisis, also roll out the carpet for "digital nomads" (a term used to represent workers that exploit digital tools to work from anywhere, anytime). Aside from businesses that need to adapt to the needs of digital nomads, it would also require governments to enable their societies to open up and update their policies to enable a society and culture of digital nomads. This is especially important for Saudi Arabia as the country moves toward becoming a tourism hub in the Middle East.

⁴ Telework Research Network; The Telework Association; Telework Report to Congress (2018); The Australian Public Service Commission; Australian Telework Advisory Committee; The Telework Kit; European Working Conditions Survey 2015; The Essential Work from Home Guide for Parents.

Recommendations for Saudi Arabia to accelerate digital transformation

The Saudi digital efforts and initiatives showcase Saudi Arabia's strong potential to achieve the expected impact of its digital transformation programs.

To thrive in this space, we believe the Kingdom should strive to:

01

Focus on key priority digital agendas that would help navigate the Covid-19 crisis and beyond, such as telehealth, digital education, and teleworking

02

Accelerate the execution of national digital projects (e.g., National Digital ID) and initiatives in priority sectors

03

Review all policies and regulations that do not cater for the future digital world

04

Strengthen the existing governance mechanism at the national and sectoral levels, (particularly for data governance), and rally all the stakeholders' efforts towards achieving a common national agenda

05

Keep enhancing the quality of digital infrastructure (cloud, broadband accessibility, 5G, etc.)

06

Intensify investment in talent and digital capabilities

07

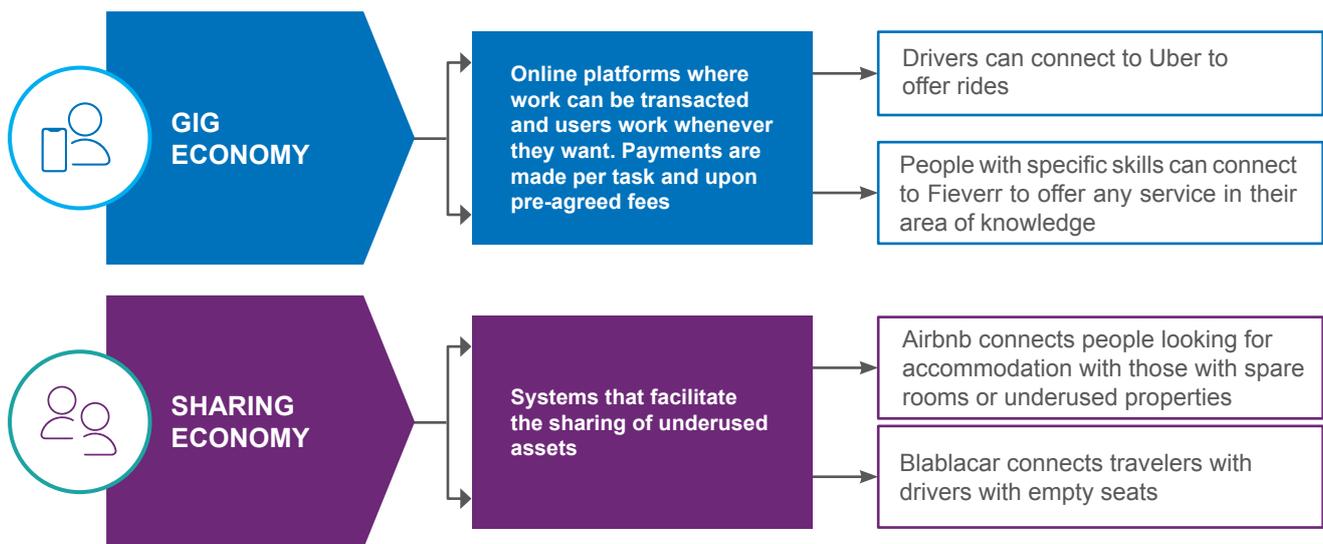
Focus on citizens and bring agility through the private sector participation



The rise of the gig economy

Introduction

The “gig economy,” first coined by journalist Tina Brown in 2009, is a free-market system in which people look to work as independent contractors or freelancers as opposed to full-time workers. “Gig workers” are usually not employed on a long-term basis by a single firm; instead, they enter into various contracts with firms or individuals to complete a specific task or to work for a specific period of time for which they are paid a negotiated sum. The concept “gig economy” has been on the rise since the global financial crisis in 2008-2009 and was often used synonymously with the “sharing economy.” Despite being closely related, the two concepts aren’t exactly the same.



Many people use both concepts interchangeably and even mix them with other concepts such as “platform economy” or “freelance economy”. In this paper, we adopt a large definition of the gig economy, accounting for all digital platforms that allow freelancers to connect with individuals or businesses for short-term services or asset-sharing.

Our interest in the concept is motivated by the benefits such business model can bring to the economy. At the macro-economic level, the gig economy can help reduce unemployment, stimulate demand, and raise productivity induced by lowered transaction costs and focus on main businesses. Consumers and organizations can benefit from more convenient and better-quality services and products that meet their needs. Gig workers can also benefit from high level of control, autonomy and flexibility.

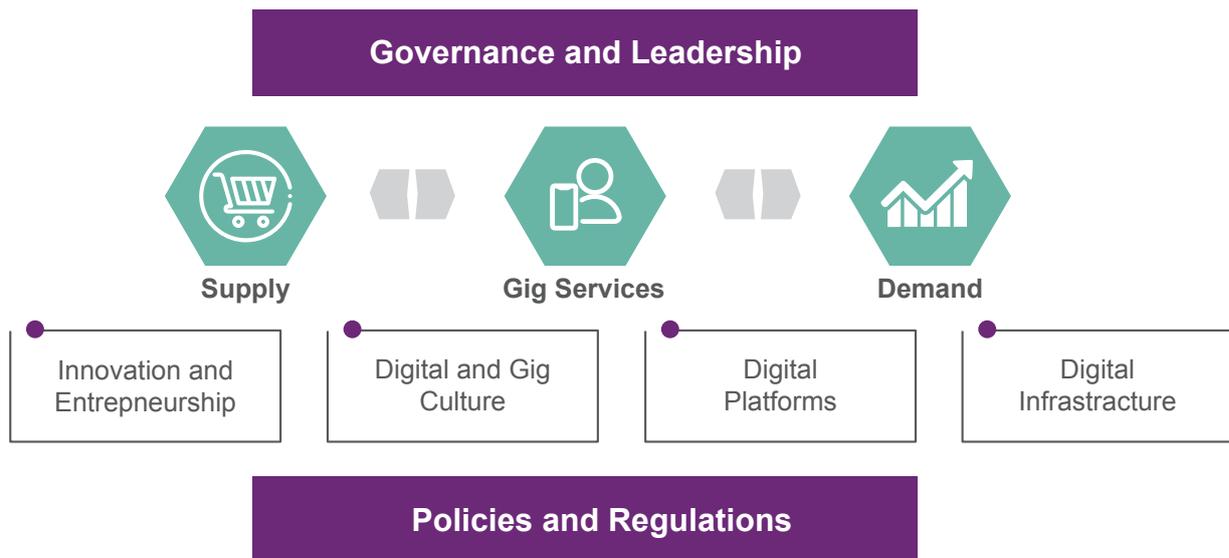
At the same time, independent workers are yet to have equal access to income security protections (such as unemployment insurance, workers’ compensation, and disability insurance), access to credit, training and credentials. Besides, in many countries, they are not covered by employment protection legislations such as minimum wage, antidiscrimination laws and retirement security, and they cannot easily be licensed or receive no payment for work that had already been performed, with no regulations to protect them.

In recent years, the rapid emergence of such workstyle was mainly motivated by technological advancements (the explosion of digital platforms and marketplaces, which allow employers to have easy access to gig workers) and by financial motives (i.e., many workers turn to perform a “gig” either in order to supplement their primary income or due to their inability in finding a permanent job). During the Covid-19 outbreak, this became a necessity rather than a convenience.

The gig economy ecosystem

The Covid-19 crisis has stimulated many activities in the digital gig economy. The demand for gigs in many sectors and the expected ascension of several new forms of jobs calls for the employment of a comprehensive gig economy framework, and a continuous review of its building blocks:

High-level gig economy framework



Policies and regulations

Governments need to cover at least four key themes when setting regulations for the gig economy:

- Regulations to protect consumers and providers:** Consumer personal data protection regulation, and ad-hoc cybersecurity regulations, with the involvement of current consumer protection institutions and existing consumer safety mechanisms adapted to each sector's needs
- Regulations for fair market competition,** including licensing of gig economy platforms
- Labor market policies:** Enforcing access to healthcare, social security, unemployment or injured workers' compensation, and pensions in gig economy contracts, and aligning with current standards and guidelines such as those adopted by the International Labor Organization (ILO)
- Taxation policies:** Measures to make gig economy platforms fairly pay tax (e.g., VAT), especially, those based overseas and provide off-shore services.

Digital infrastructure

For gig economy activities to thrive, a fundamental ICT infrastructure should be available, and high-speed Internet should cover as much territory as possible to allow everyone, especially in rural areas to use digital gig platforms and services. Governments should also provide secure online payment platforms to incentivize users to decrease their reliance on cash payments and take cybersecurity measures to create an ecosystem of trust.

Governance and leadership

The gig economy requires high-level commitment and a multi-stakeholder governance model to orchestrate the new order and manage the expected disruption across sectors. Governments need to adopt and steer a robust gig economy strategy at a very high level. The expected transformative impact and the overarching effect on diverse sectors also requires the participation of non-government representatives in the decision-making process. These include civi-tech and startup representatives, as well as giant private sector players and even trade unions.

Digital Platforms

Digital platforms act as gig marketplaces that fill the “gig gap” by connecting gig service providers with consumers. These platforms should be easy to access and use, provide trusted payment systems based on a robust digital infrastructure, share transparent information, and allow for high-quality search and matching. Examples of such digital gig platforms: Lyft (ride hailing), Lending Club (investing) and Freelancer (digital and software services).

Digital and gig culture

The digital culture is fundamental for at least two reasons. First, because countries need talent to develop gig economy platforms and services, and second, because citizens, as potential users, need to have enough digital knowledge to use the digital platforms.

The gig culture is even more important as the gig economy requires a unique working mindset and style, and more agile and convenient work arrangements. Many studies have revealed that work culture is changing and that people and organizations are looking to develop a “gig mindset”. The gig mindset brings to people a sense of freedom, openness, engagement and accountability. People will look for more freedom to self-manage and self-direct work. They will have the tendency to move fluidly from project to project, become more networked, and take better care of their reputation and personal branding.

Whether they are considering their gig jobs as a source of primary income, or to supplement their current income, gig workers seem to find independent work more convenient and they are not willing to replace it by a typical 9 to 5 job.

Innovation and entrepreneurship

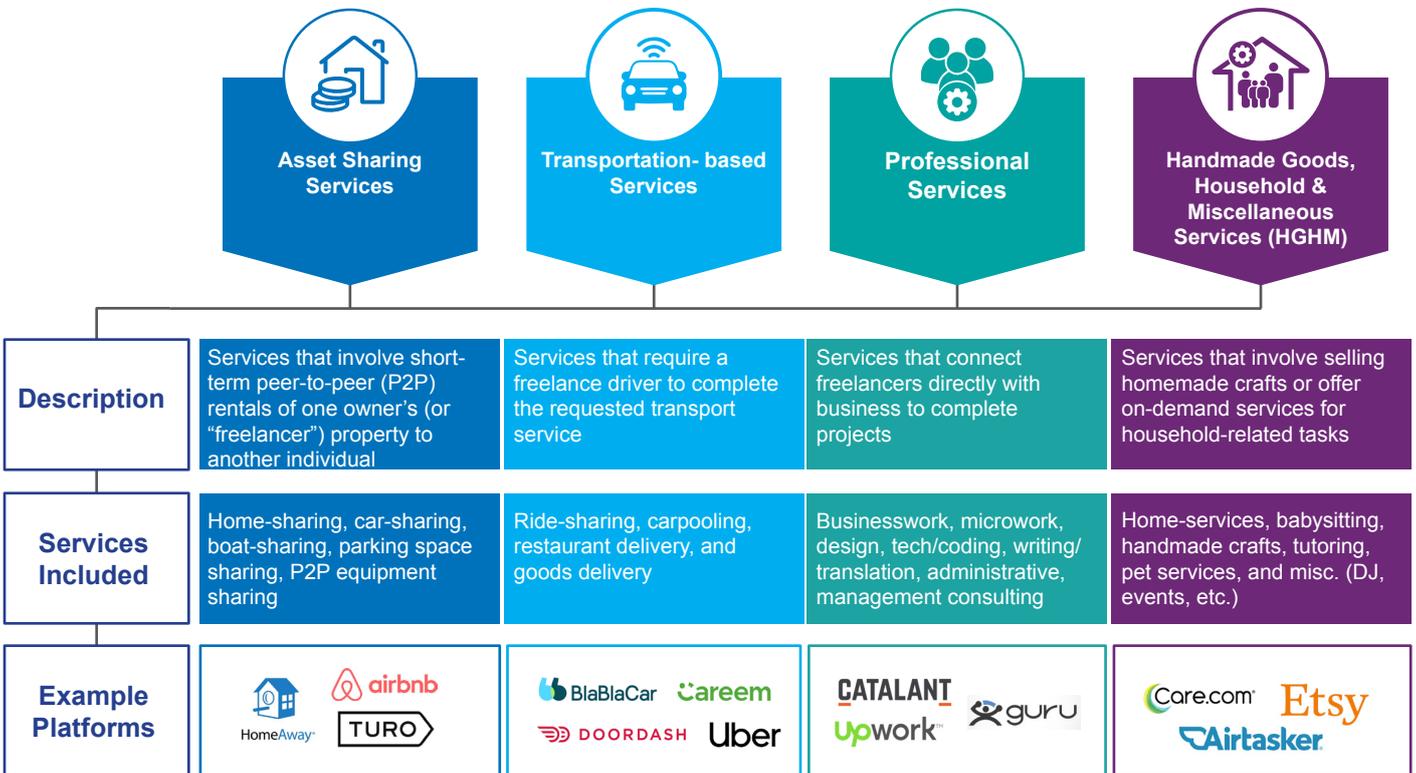
Many gig workers prefer not to work in a coffee shop, nor at home; rather, they prefer work environments that fit their gig mindset, like unconventional co-working office spaces where they can interact with like-minded people, exchange experiences with professionals and entrepreneurs in their field, and build business connections. These spaces have traditionally been built as accelerators for startups (e.g., Monsha’at in Saudi Arabia).

Thus, in addition to putting in place the right policies to develop the innovation and entrepreneurship ecosystem, governments need to focus on encouraging the development of co-working spaces, exclusively (or inclusively with startups) for gig workers. These spaces also have the advantage of offering business support in the form of mentoring, workshops and trainings. They are cost-effective and relatively affordable for independent workers. Being in such workspaces makes gig workers feel they belong to a bigger community. It will inspire their creativity and allow them to help one another in developing their gig expertise, while dealing with the multiple hurdles they may face, particularly, in access to social benefits that full-time employees have.

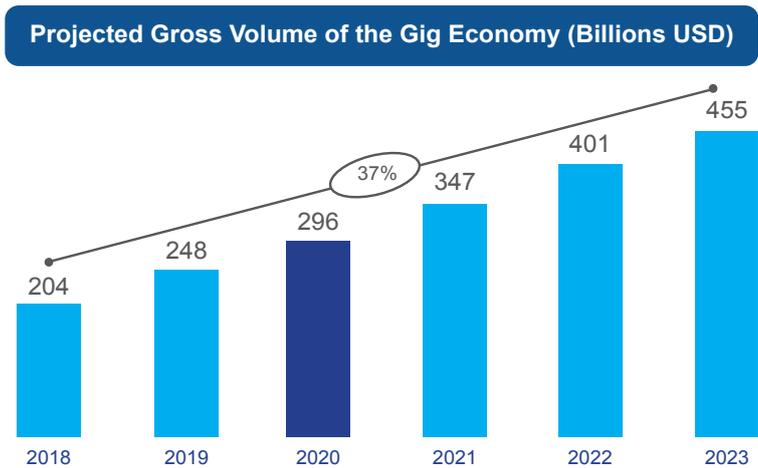


Gig services

Operational gig services can be provided via the digital platforms than can offer one or more type of services. Many gig services have already existed and cover a wide range of sectors, such as ride-sharing, food delivery, investing, babysitting, dog-sitting, proofreading, marketplace selling, online surveying, home rental and design or craft services. These services can currently be grouped into four main categories⁵:



Countries that have made the choice of developing their gig economy ecosystem should reap the benefits of its rapid ascension. The digital gig economy contribution to the global economy was estimated at around USD204 billion in 2018. Prior to the Covid-19 outbreak, the digital gig economy was steadily growing at 17% CAGR to reach around \$296 billion in 2020 and \$455 billion in 2023.



Source: Global Gig Economy, Capitalizing on a \$300B opportunity, Mastercard Gig Economy Industrial Outlook, by Mastercard and Kaiser Associates, May 2019

⁵The Global Gig Economy: Capitalizing on a ~\$500B Opportunity, Mastercard Gig Economy Industry Outlook, by Mastercard and Kaiser Associates, May 2019

Impact of Covid-19 on the gig economy

The last decade was marked by a huge increase in the number of gig workers, particularly in countries like the US where the number of gig workers in 2018 was estimated at 36 percent of the workforce⁶ and was expected to reach 43% in 2020⁷. By 2027 more than 50% of the US workforce will participate in the gig economy according to a study by Upwork and Freelancers Union.⁸

The expectations for the consistent growth rate can be explained by the prevalence of the gig mindset and the change in societal attitudes besides the rapid pace of digital transformation in most developing countries.

Following the Covid-19 outbreak, these expectations and estimates require a thorough review. With a looming global economic crisis, many sectors within the gig economy are under pressure; including home rental, design and crafting, simple tasks and renting stuff. Others, such as software-based services, banking and investment services are expected to remain at the same level or even increase, while vital sectors such as service delivery are expected to rise exceptionally.

Expected impact of Covid-19 on selected gig economy sectors and brands

Expected Performance	Examples of Gig Economy Sectors and Brands			
	<p style="text-align: center; background-color: #0056b3; color: white; padding: 2px;">Grocery Delivery</p> <div style="display: flex; justify-content: space-around; align-items: center;">    </div>	<p style="text-align: center; background-color: #0056b3; color: white; padding: 2px;">Restaurant Food Delivery</p> <div style="display: flex; justify-content: space-around; align-items: center;">    </div>	<p style="text-align: center; background-color: #0056b3; color: white; padding: 2px;">Software-based</p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>	<p style="text-align: center; background-color: #0056b3; color: white; padding: 2px;">Healthcare</p> <div style="display: flex; justify-content: center; align-items: center;">  </div>
	<p style="text-align: center; background-color: #0056b3; color: white; padding: 2px;">Ride Sharing</p> <div style="display: flex; justify-content: space-around; align-items: center;">     </div>	<p style="text-align: center; background-color: #0056b3; color: white; padding: 2px;">Home Rental</p> <div style="display: flex; justify-content: space-around; align-items: center;">     </div>	<p style="text-align: center; background-color: #0056b3; color: white; padding: 2px;">Baby Sitting</p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>	<p style="text-align: center; background-color: #0056b3; color: white; padding: 2px;">Physical Tasks</p> <div style="display: flex; justify-content: space-around; align-items: center;">    </div>

⁶ Forbes, "57 Million U.S. Workers Are Part of The Gig Economy", Article by TJ McCue, Published 31/08/201

⁷ Brad Smith (CEO of INTU), INTU, Interview to CNN, 24/05/2017

⁸ "Freelancing in America 2017", A study by Edelman Intelligence, commissioned by Upwork and Freelancers Union

The gig economy in Saudi Arabia

In Saudi Arabia, the gig economy is expected to witness a growth as important as the rest of the world, particularly in the delivery service.

The development of the gig economy has been one of the top priorities for the Saudi government, as it particularly contributes to achieving one of the most important goals of Vision 2030, which is job creation. The government is particularly bullish about reducing the youth unemployment rate and on increasing women participation in the labor force.

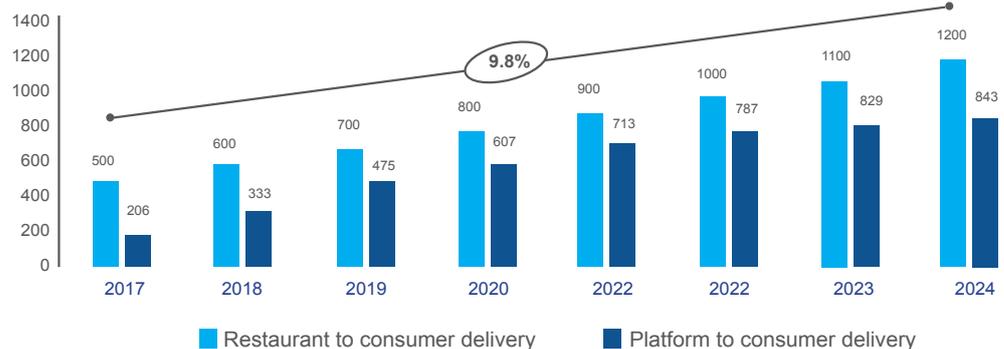
In terms of demand, it is understood that for Saudi residents (nationals and expatriates) lower prices, mutual benefits for producers and consumers and a modern approach are the top 3 advantages of the gig economy.

Figures of online food delivery show that the sector is quite promising in Saudi Arabia (see charts below). Revenues in the online food delivery segment amounted to USD700 million in 2019, and it was expected before the Covid-19 crisis to show an annual growth rate (CAGR 2020-2024) of 9.8%, resulting in a market volume of USD 2,043m by year 2024.

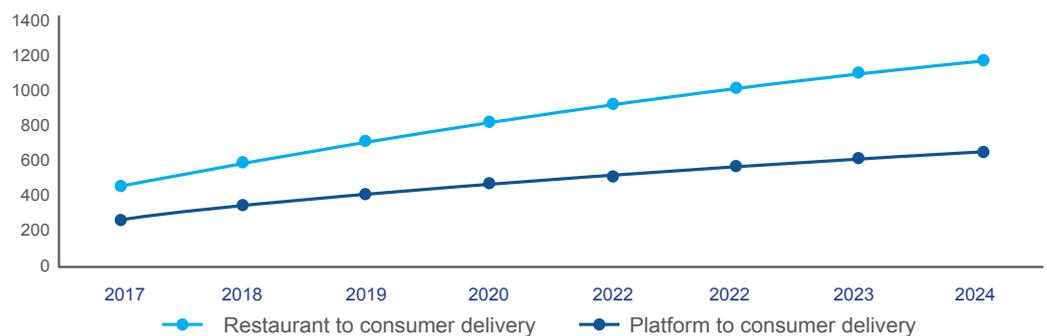


In 2016, Saudi Arabia signed an agreement with the international ride-hailing service Uber to create more than 100,000 driver jobs and hire Saudi citizens over a five-year period.

Online Food Delivery Revenues (In USD Million)



Number of Users (In Million)



Source: Statistica

Actual figures for online food delivery in Q1 have not been released yet, but they are expected to be much higher as the Kingdom is taking gradual measures to limit the spread of the pandemic like those in affected countries in advanced stages. After a curfew was imposed on 23 March, new measures starting 26 March included a ban on leaving or moving from one province to another for residents of the 13 provinces, and a complete ban from entering and exiting the cities of Riyadh, Mecca and Medina. On April 7, a complete curfew of the cities of Riyadh, Dammam and Qaseem were put into action. Such measures are expected to accelerate the increase in demand for online food delivery services.

Is Saudi Arabia ready for the gig economy?

To assess Saudi Arabia's readiness to unleash its gig economy, we have analyzed the current economic landscape in Saudi Arabia through the framework we discussed earlier. A high-level assessment reveals a satisfying maturity level of the key building blocks.

From a **strategy and leadership** perspective, the Kingdom's digital transformation and ICT strategies prioritize the development of gig economy policies and platforms.

In terms of **policies and regulations**, Saudi Arabia is continuously working on improving its regulatory frameworks. The country is searching for the best regulatory frameworks that guarantee a qualitative shift for the sector and enhance the enforcement in order to ensure operators' compliance with market regulations. Measures have already been taken to review the regulatory ground to enable early and efficient adoption of the gig economy while protecting the citizens' jobs and ensuring fair market competition. This should soon be reflected by the amendment of existing laws, and the creation of standardized employment contracts.

When it comes to **digital infrastructure**, the Ministry of Communications and Information Technology (MCIT) has put a strategy to accelerate the deployment of 5G technology and enhance reach and accessibility of broadband Internet across the whole country, especially in rural or underserved areas. Secured online payment platforms are available and cybersecurity measures are quite robust.

Saudi Arabia has taken a big leap in building its **innovation and entrepreneurship ecosystem**. Monsha'at has been a key player here, developing a strategy to encourage the development of co-working spaces, incubators and accelerators by the private sector. Their network of support centers for entrepreneurs can also be used by gig workers. However, much work still needs to be done as the country is still lagging behind compared to advanced countries (Saudi Arabia ranked 68th out of 129 countries in the 2019 Global Innovation Index) and needs to provide more workspaces for independent workers. As such, this presents an opportunity to capitalize on the acquired experiences, and account for services that would focus on gig workers as well.

Regarding the **digital and gig culture**, many programs are currently in place to support the enhancement of Saudi Arabia's education system (including tech equipment, teaching resources, digital curricula and trainings, and many more) and to upscale the digital skills of the Saudi ICT workforce (including launching targeted ICT training programs and leveraging knowledge transfer from leading international organizations). Other programs to raise awareness and literacy and improve digital services' adoption are also undergoing. Enhancement of the Kingdom's education system should also take into consideration the need to stimulate the gig culture. Still, the engagement rates to participate in the gig economy are low.

Finally, when it comes to **platforms and services**, most existing platforms in Saudi Arabia are in the transportation-based services (specifically the sector of ride hailing and delivery services). These include Uber and Careem (ride hailing), Hunger Station, Jahez and Talabat (food delivery services) Marsool and Zajil (delivery). As such, many sectors remain untapped or under-developed in the Kingdom; e.g., professional services, handmade goods, and household & miscellaneous services (HGMM).

Addressing all these shortcomings and the development of a robust and scalable gig economy ecosystem would allow the Kingdom to meet the future demand for gig services and would make the Saudi economy even more sustainable and resilient.



Recommendations for Saudi Arabia to develop the gig economy

To take full advantage of the sizable opportunities presented by the digital gig platforms that constitute a modern gig economy, we believe Saudi Arabia should strive to:

01

Reset expectations and perform thorough assessment of the digital gig economy ecosystem in light of the Covid-19 crisis

02

Accelerate the design and implementation of gig economy policies and platforms

03

Review the regulatory ground to enable early and efficient adoption of gig economy policies in different sectors, considering cross-sectoral implications

04

Expand the ICT infrastructure and Internet access to cover wider geographical areas to accommodate more gig teleworkers

05

Stimulate the innovation and entrepreneurship ecosystem and provide more adapted workspaces for gig workers

06

Accelerate the enhancement of Saudi Arabia's education system toward developing the digital and gig culture

07

Encourage the development of more gig platforms and services to cover all potential sectors and meet untapped current and future demands

Afterword

As the world focuses on combatting Covid-19 and bringing back life to normal, we believe the current crisis presents an opportunity to re-think our current models to cope with the new “de-facto” once the crisis recedes, a de-facto that will have us rely heavily on technology, even more than we already are...

Albert Einstein had envisioned global citizenship in 1933. Perhaps after 87 years, the time has come for his vision to become a reality...

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