

## The Jordanian Economy in Light of the Digital Economy

Dr. Amer Abd-alkareem Ibrahim Almajali

almajaliamer50@yahoo.com

### SUMMARY:

*The aim of the research is to define the digital economy and shed light on the reality of the digital economy and the requirements for its success in Jordan. The digital economy is among the new economies that have been closely linked to the extent of technology development in the world, It expresses a future vision for a world in which information is the basic pillar of the economy and human relations, as it is entirely built on a high-quality digital infrastructure. This research concluded that Jordan is one of the first countries that paid attention to it the digital economy it also developed during the year 2020 the infrastructure in communications and information systems, and Jordan began a comprehensive improvement of internal systems such as the electronic sales system, the electronic payment system, and the postal system. And the customs system, and the research recommended the need to pay attention to future updates regarding the digital economy, it also recommended paying attention to entrepreneurship and establishing special centers in schools and universities that care about entrepreneurs and developing their ideas, in addition to reducing the digital divide throughout Jordan.*

**KEYWORDS:** Digital Economic, E-commerce, E-marketing, Entrepreneurship.

## The introduction:

With the progress of time and the emergence of technology tools The emergence of the so-called entrepreneurship, Entrepreneurship is defined as innovation in work and development to work that is less expensive, faster, and more service, Global experience has shown us that entrepreneurship stimulates job creation in the economy, The degree of success of entrepreneurs depends on the maturity of the underlying business environment, However, the traditional avenues for job creation and growth may not create enough jobs in the future, The Jordanian government has been encouraging entrepreneurship to change these predictions, and accelerating job creation.

The entrepreneurial environment has emerged in Jordan over the past ten years, but there are major challenges that have hindered its growth and connectivity, Jordan's rank on the global entrepreneurship index increased by 23 places between 2014 and 2018 (increasing from 72nd to 49th), This indicator measures the quality of entrepreneurship and the scope and depth of the environment that supports entrepreneurship in 137 countries. The Global Entrepreneurship Index 2018 showed that Jordan's evaluation score is equivalent to the average score of the Arab region of 37%, Jordan outperforms the region in the indicators of innovation of products and services, technology absorption, competition, Start-up skills, cultural support On the other hand, Jordan lags behind in high growth indicators, and venture capital, and network connectivity, and human capital.

in 2019, The World Economic Forum listed 27 Jordanian startups among the top 100 companies in the Arab world. Technology entrepreneurs in Jordan have had a major role in shaping the technology landscape in the region over the past ten years (written, and Souq.com, Arab weather).

Researchers in Jordan were interested in presenting studies on entrepreneurship and the digital economy, as a survey presented by the World Bank that included 230 Jordanian entrepreneurs

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recently concluded that Jordanian entrepreneurs enjoy an ample amount of education and have solid experience in business management, The study showed that 94% of the main founders of Jordanian start-up companies hold a bachelor's degree or higher,62% have ten years or more experience, and 20% have 6–9 years of experience. Most Jordanian entrepreneurs (71%) have previous work experience in mid- or senior-level positions, Most of them (91%) were employees working in private companies, including their own companies before they established businesses, The World Bank conducted a survey of the 100 best startups at the time, and the study dealt with entrepreneurship trends and policies, He published a chapter on entrepreneurship in the Arab World Competitiveness Report 2018 to enrich government policies in the region.

Jordanian entrepreneurs typically work in groups, with the founders bringing a mix of diverse but complementary skills to support the operations of their companies. These characteristics show a high-quality composition consistent with the characteristics of the 100 best startups in the Arab world in the World Economic Forum's 2017 ranking.

And in a move to support the aspirations of entrepreneurs, The Jordanian government and the World Bank facilitated the participation of 14 prominent entrepreneurs from Jordan in the London 2019 initiative and the entrepreneurs demonstrated the ambition of the economic transformation process in Jordan, They highlighted the growth potential of digital entrepreneurship They informed global funds about available investment opportunities. Expansion into regional/global markets is a necessary step for Jordanian entrepreneurs given the relatively small size of the local market.

### **Research aims:**

Search seeks to me:

1. Introducing the digital economy in Jordan.
2. shed light on tools Economy Digital in Jordan and the requirements for its success.

## The first requirement: the tools of the digital economy in Jordan.

1. **E-Commerce:** Prepare Jordan is in a better position to benefit from E-commerce where The "Jordanian Economic Growth Plan 2018-2022", along with the "General Policy for the Information and Communication Technology Sector and the Postal Sector 2018", call for the development of a strategic roadmap to promote E-commerce with the aim of strengthening the business environment incubating E-commerce and using this trade as an effective tool to increase the volume of exports, However, the evaluation showed that coordination in the matter of E-commerce between the public and private sectors and the academic community is still limited, And There is progress in developing e-government services, but it is slow, While the electronic participation is less than the average Also, the quality of open data sources does not meet the needs of users, In addition to Jordan holding contract Numerous free trade agreements FTAs) signed by Jordan where It provided him with a means to develop his economy at the local level as well as to increase its integration with the global economy.

The ICT sector benefits from the highest levels of political support in the country as an engine of growth, There are more than 600 active companies directly employing around 16,000 employees and creating 84,000 jobs in the broader economy, The two main contributors to the income generated from this sector and the IT-enabled services sector (ITES) are communications and information technology, And In the information technology sector, the software development activity generates the highest revenues in addition to the highest contribution to the sector's exports, There are many service providers in this sector. Network 3G and 4G available, 5G network will be available in 2023 And therefore Information and communication technology indicators are improving, And It is estimated that all cities will be connected to fiber cables in the next three or four years, however,

there is still a large gap between the services provided in major cities and those in rural areas, and Internet users still face problems to access the Internet.

And The "General Government Policy for Universal Service in the Telecommunications Sector" is under review with the aim of ensuring the inclusion and quality of services. The cost of using the Internet is at the top of the list of the most pressing obstacles according to stakeholders from the public and private sectors, followed by investments aimed at expanding broadband and providing Internet coverage to rural areas.

As for the transport and processing of electronic commerce has Jordan ranked 84th in the 2018 edition of the Logistics Performance Index (LPI) issued by the World Bank, that is, with a lower performance and rank than it was in 2010, and below the average of the Middle East and North Africa region.

And With regard to the postal system, there has been a significant improvement in the Jordan Integrated Postal Development Index (2).IPD), Jordan Post has a three-year action plan to develop its capabilities to support E-commerce, and it plans to convert into an electronic postal service office by early 2022, Despite all this, the capacity of local delivery service providers remains insufficient, The time needed to deliver packages in the last mile often exceeds the international delivery time.

Concerning Customs procedures FT here is still room for improvement in cross-border e-commerce transactions, In the year 2021, the Jordanian Customs decided to update the current version of the ASYCUDA program, which is already a modified and highly customized version.

1. **Digital Marketing:** Marketing can be defined digital It is the process of planning, implementing, marketing, distributing and promoting products and services within an

electronic work environment using the Internet. This process is distinguished compared to the traditional marketing process in that it provides customers with services and goods at competitive prices, and gives them greater and faster convenience in the shopping process. It also grants companies operational costs, Less, and Jordan is one of the first countries that was distinguished by the advancement of electronic marketing in light of the national strategy for the development of the electronic commercial environment, and Jordan was home to 6.61 million social media users in January 2023, which equates to 58.4% of the total population. And Report showed Public Authority for Communication and Information There are a total of 8.61 million active mobile cellular connections in Jordan in early 2023, which is equivalent to 76.1 percent of the total population, These key stats provide a great overview of The Digital Situation” in Jordan, but in order to understand how digital trends and behaviors are evolving, We need to dig deeper into the data.

2. **digital finance:** The financial sector in Jordan has witnessed remarkable development in recent years And There are major laws and regulations that support the development of the Jordanian financial sector and electronic payments F Since 2019, Jordan has undertaken important reforms, adopting new regulations to control several aspects of financial operations., And during the Corona pandemic COVID–19 The Central Bank of Jordan has taken measures that led to a significant increase in electronic transactions, and the number of electronic wallets and prepaid cards is constantly increasing. However, many micro, small and medium companies do not provide customers with online payment service (electronic payments). Many customers still prefer to pay with cash, And It has accelerated the quarantine policies to combat Corona COVID–19 The process of relying on electronic payments, and the trend has not been reversed with the lifting of quarantine measures in Jordan, which indicates the long–term potential of this process, E–commerce transactions have witnessed a continuous increase in the use of payment cards

throughout the year 2020, but most of the ATMs and points of sale, branches of commercial banks, and agents of payment services, are located in Amman.

### **The second requirement: the digital economy in Jordan:**

**First: Challenges Facing the Digital Economy:** The digital economy in Jordan faces many challenges Jordanian entrepreneurs see taxes as the main barrier they face in their business activities (73%), followed by laws regulating investment in startups (62%), excessive bureaucratic formalities (58%), and other obstacles related to laws and customs regulations (55%), social security (52%), and focus groups provided valuable insights on these challenges, going on to say that technology entrepreneurs are unclear about the economic classification of tax-exempt activities, and burdened with a relatively high tax on imported goods/services (26%) They are concerned about the rules that require them to file a tax return on a monthly basis. Start-ups also expressed concerns about the complex processes of corporate restructuring (increase/reduction of capital, change of shareholders), the difficulty in obtaining work permits for foreign skilled labor, and the unfair estimation, Harmonized import customs duties.

### **Second: Requirements for the success of the digital economy in Jordan:**

1. Information and communication technology: to success The digital economy Information technology infrastructure must be built Such as the software industry and automated media equipment, it is considered an innovative industry based on preparation and design M with a goal Access, implement and test a computer operating program which It includes a set of orders to carry out a group of integrated works to a specific result, in which it depends mainly on the human mind. As for its production, it is not limited by time or place, and is subject to a high system and competes with global markets. Integrated marketing does not have a negative impact on the environment.

2. Education and the information society: Spending on education is a form of investment in human capital, as it has a significant impact on economic development, And communication in its primary function to prepare knowledge workers as the pillar upon which to develop these technologies, and this is evident especially in the Internet service, which contributes greatly to encouraging distance education and thus will contribute to overcoming difficulties, whether those related to costs or space for education and training. Therefore, the requirements of the digital economy necessitate the need to focus on training individuals with the ability to create, innovate and manufacture software.
3. Research and development: The transition towards a digital economy requires an increase in spending on research and development projects in GDP as one of the most important indicators of the digital economy, where it is higher in developed countries than in other countries, The role in agreeing on research and development projects is shared by both governments and the private sector, and he will take care of it private sector By financing projects that are expected to achieve profits within five years or less, while the government guarantees financing if the period is between five to ten years or more, but if the period is from five to ten years, then the public and private sectors participate in financing, and thus research and development will have a great profitability on The digital economy.

**Third: Procedures for developing the digital economy:** maybe the government should undertake legal and procedural reforms and administrative to support business enterprises in Jordan, The World Bank survey showed that entrepreneurs expect the government to act to provide a supportive business environment, to help open local and regional markets, and to develop a local entrepreneurial environment. In implementation of this, the Jordanian government established the Ministry of Digital Economy in May 2019 to expand previous powers of the Ministry of Communications and Information Technology supporting digital entrepreneurship, electronic payments, and developing digital skills. This is a vital step to support the growing role of the government in supporting these pillars of the digital economy.

The Jordanian government has taken major steps to support the digital economy by endorsing a model of partnership between the public and private sectors that aims to expand the fast Internet in the Kingdom, support the development of digital skills for hundreds of youth, launch an ambitious plan for electronic payment for government transactions, and support entrepreneurs in obtaining financing and access to international markets, These efforts will support an ambitious World Bank initiative that calls for doubling broadband access in the region by 2021 and expanding electronic payments.

In order to create an environment conducive to business in Jordan, representatives of the entrepreneurship ecosystem (including Intaj, Oasis 500, Endeavor, Entrepreneurship and Creativity Association, and the Startup Council) have started, and the Ministry of Digital Economy and Entrepreneurship) Consultations facilitated by the World Bank and the Jordan Strategy Forum (It is a top domestic research institute) To develop a mix of policies to address these challenges, The Ministry will recommend specific regulatory reforms to the Council of Ministers for approval, and then lead their implementation.

### **Results:**

1. Jordan is one of the first countries to take an interest in the field of digital economy.
2. Jordan seeks to promote electronic commerce with a comprehensive system to control its operations.
3. Jordan has improved the postal system, the customs system, and the electronic payment system to keep pace with global development.
4. We must focus on research and development in the field of digital economy to accompany developed countries in this.
5. Jordan is one of the countries with the most numbers of Internet users and information technology, and it is a good indicator of the development of the digital economy.

## Recommendations:

1. Work on developing the digital infrastructure, especially with regard to information and communication technology.
2. Expanding networks in the Internet Jordan and facilitate its use.
3. Work onto support Education and training programs infield of digital economy.
4. Development Electronic payment services and making them accessible to everyone.
5. Work to narrow the digital divide across the Kingdom.
6. Paying attention to entrepreneurship and establishing special centers in schools and universities that care about student entrepreneurs.

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