
Digital Economy Strategy in Labor Market and Its Impact on the Competitiveness of Startups in Palestine – Prospects and Challenges-

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Abstract:

The digital economy has recently emerged as a focal point of scholarly and governmental attention, recognized for its potential to drive significant advancements in economic, financial, and technological spheres. This study delves into the influence of digital economic strategies on nascent enterprises, with a particular focus on the Palestinian context.

Our analysis reveals that the systemic digitization of economic frameworks and strategic focus on digital initiatives have profoundly influenced the operations of these enterprises, notably in the realms of electronic banking and investment. This exploration offers insightful revelations into the realities and challenges encountered by emerging businesses within the digital economy in Palestine, highlighting their pivotal role in contemporary economic discourse.

Keywords: Digital Economy Strategy, Startups, Palestinian Community.

Jel Classification Codes :E29, G39, I29

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1. Introduction:

Palestine, like other nations, seeks to harness the digital economy and innovation to yield positive outcomes across various sectors. The initial phase of digital transformation has proven particularly beneficial to specific industries and demographics, despite inherent challenges.

The transition towards a digital economy is poised to unlock a plethora of opportunities for Palestine's local economic and social fabric. For example, fostering digital start-ups catalyzes the formation of trailblazing companies that are instrumental in generating employment for university graduates, who represent a substantial portion of the unemployed populace, thereby stimulating economic growth and enhancing the global competitiveness of Palestinian exports.

The digital economy, underpinned by digital information technology, leverages information and knowledge in management. It emerges as a novel resource pivotal to revolutionary change and serves as a wellspring of innovation. Furthermore, it plays a crucial role in the labor market by bolstering the competitiveness of budding enterprises, considering the specific socioeconomic context of Palestine (Al-Khalidi, 2019).

Start-ups today are pivotal in spurring economic growth, creating employment opportunities, and boosting competitiveness. They also offer innovative solutions and contribute to the transition towards a knowledge-based economy. Amid the global proliferation of start-ups and their ecosystems, there has been a burgeoning dialogue within Palestinian official and non-official circles regarding the significance of this sector in recent years.

Start-ups, typically small-scale enterprises in their nascent stages, are often established by one to three entrepreneurs who concentrate on fulfilling anticipated market demands through the development of specific products or services. Supported initially by investors keen on cultivating novel ideas, start-ups face financial challenges due to limited revenues and elevated costs, necessitating sustained financial injections from venture capitalists.

The digital economy contributes significantly to national GDPs, accounting for 18.4% in developed countries and 10% in developing nations, representing 15.5 % of the global economy. It furnishes vital information to governments, enabling enhanced control and utilization of data, and facilitates the operation of various electronic portals.

These portals act as digital gateways providing extensive e-services to citizens, enhancing communication with the populace. This not only allows the government to gauge and address the dreams and aspirations of its citizens but also promotes social justice and peace, which in turn reflect positively on the economic well-being of society.

The digital economy manifests as an economic paradigm predicated on the integration of technological innovations into business operations, transitioning from traditional business models to new, digitized, and reliable frameworks. This transformation enables the leveraging of diverse digital offerings and media to conduct business and secure novel market advantages (Asbar World Forum, 2020).

This pioneering study extensively examines the ecosystem of startups and entrepreneurship, particularly in relation to public finance. It explores supportive policies and both tax and non-tax measures aimed at nurturing this sector. Additionally, the study analyzes the impact of these policies on the startup sector and their long-term outcomes, such as broadening the tax base and augmenting government revenues.

Furthermore, it discusses additional economic impacts pertinent to the startup sector (Dr. Rabeh Marrar, Dr. Atef Alawnah, Rand Taweel. Reality of Startups in Palestine and Their Relationship with Public Finance. Palestinian Institute for Economic Policy Research (MAS), 2022).

1.1. Study Problematic:

The main problematic of the study is:

- **What is the strategic objective of the digital economy in the market? And how does it affect start-ups in Palestine?**

Through this main problematic, some subsidiary questions can be posed:

- What is the reality of the digital economy in Palestine?
- How does the digital economy impact the competitiveness of start-ups in Palestine?
- What role can the digital economy play in the labor market?

1.2. Study Significance:

This study aims to decode the strategies of the digital economy, particularly within the labor market, and its influence on nascent enterprises, focusing on the Palestinian scenario.

Positioned at the nexus of innovation and the traditional economy, which is characterized by scarcity and limited resources, start-ups are pivotal in transitioning towards a digital economic framework. The researchers aspire for this investigation to serve as a novel and qualitative contribution to the Palestinian and Arab scholarly repositories, providing a foundation for future research on the digital economy and its implications.

Furthermore, this endeavor marks Palestine's entry into the roster of nations assessing the digital economy, aimed at evaluating Palestine's prospective status relative to other Arab countries.

1.3. Study Objectives: This study is designed to:

- _ Illuminate the nature of the digital economy, its components, and methodologies for its assessment.
- _ Examine the start-up ecosystem in Palestine.
- _ Explore the role of start-ups in materializing the digital economy in Palestine.

_ Identify the specific components of the digital economy in Palestine.

1.4. Study Methodology:

The approach adopted in this study is descriptive, focusing on presenting a detailed overview of the digital economy and its strategies. It discusses the interplay between emerging enterprises and the overarching digital economy, highlighting significant challenges these enterprises face within the Palestinian context. The study further elaborates on various indicators that define the digital economy, employing a comprehensive review of existing literature and current practices.

1.5. Study Divisions: The study is structured around three primary axes:

- **First Axis:** Theoretical Framework of the Digital Economy and its Strategy.
- **Second Axis:** An Overview of Start-ups.
- **Third Axis:** The Relationship of the Digital Economy with Start-ups – Prospects and Challenges – Theoretical Framework of the Digital Economy and its Strategy:

1.6. Previous Studies:

- **Study 01: The Impact of the Digital Economy on the Competitiveness of Start-ups** Author and Researcher: An article published in the Journal of Algerian Public and Comparative Law, Volume 08, Issue 02, December 2022.

This study aims to address the topic of start-ups and entrepreneurship, which has received significant attention from official authorities. It also considers the digitization of the economic system, which in turn impacts the activities of emerging enterprises.

- **Study 02: Requirements of the Digital Economy for the Development of Algerian Start-ups – An Analytical Overview**

- Author and Researcher: An article published in the Journal of Strategy and Development, Volume 13, Issue 02, July 2023.

This study aims to highlight the importance of the digital economy in developing and empowering Algerian startups by presenting several indicators and incentives. It concludes that the Algerian government is

- making efforts to promote and develop these by implementing the requirements of the digital economy, which has encouraged leading Algerian start-ups.

2. Concept of the Digital Economy:

The definitions related to the digital economy vary, among which it is described as the type of economy that relies on information and communication technology. This technology facilitates the flow of information, goods, services, and capital to and from any point in the world, at any time.

The digital economy is founded on three pillars:

- **Innovative Products:** These are newly created products that did not exist before and are inherently knowledge-based, crafted in digital language (coding and encoding), or primarily rely on knowledge, such as computer processors.
- **Tools and Means:** The transition from mechanical to electronic (electrical) and finally to digital states is evident in the tools and means utilized, including computer devices and various networks.
- **Essential Conditions:** The digital economy requires several conditions, including digital transformation in government institutions, enactment of necessary laws and regulations, provision of supportive infrastructure for its growth and prosperity, focus on human capital, digitization of businesses, and expansion of e-commerce. These conditions are crucial for globalizing the economy and leveraging technology to transition towards a digital economy in the presence of an interactive and effective human environment.

2.1. Characteristics of Digital Economy:

- **Easy access to resources:** The success and growth of the digital economy depend on the ability of individuals and institutions to participate in information networks and various internet sites. This participation requires the availability of infrastructure, such as electricity networks, phone networks, low-cost and fee services, and the availability of machines, devices, equipment, skills, education, training, financial resources, and the use of electronic and plastic money, like credit and debit cards.
- **Competition and Market Structure in the Digital Economy:** This includes information technology, communication, e-commerce, electronic delivery services, software, and information, varying by economic transaction size, specialization, resources, economic sectors, and components of GDP. Some economists believe that the components of the digital economy vary by the scope of the economy and the impact of information networks, standards, public goods, and transaction and deal costs. It is known that technologies change rapidly and affect business systems in terms of alternative sources, inputs, processes, operations, outputs, products, uses, and distribution. (Fareed, 2007).
- **Relation of the Digital Economy with Industrial Changes:** Particularly those related to information technology, the internet, networks, communications, and digital technology, indicating that technological capabilities are fundamental in the emergence and development of the digital economy.
- **The Future of Macroeconomics in the Digital Economy:** Information and communication technology (ICT) plays a fundamental role in enhancing economic growth rates, capital investments, and both domestic and international e-commerce. The internet significantly influences the methods of conducting business transactions and operational styles.

- The digital economy is continually influenced by changes in the ICT sector.
- The Emergence of Digital Globalization (Fareed, previously mentioned reference, 27)
- A primary reliance on the internet is evident across various operations and transactions.
- The digital economy is consistently affected by changes within the information technology and communication sectors.
- The foundation of the digital economy lies in the cultural level of technology within society.
- Information availability is crucial for decision-makers.
- Appropriate technological utilization facilitates the creation of virtual markets and establishments where spatial and temporal boundaries are eliminated. E-commerce exemplifies this by offering numerous advantages, including cost reduction, efficiency enhancement, and the ability to conduct transactions 24/7 on a global scale. As a result, the focus initially shifts towards developing markets, partnerships, and strategic alliances with external parties before concentrating on product development.
- The success and growth of the digital economy depend on the ability of individuals and institutions to engage in information networks and various internet sites. Effective participation in these networks and in the digital economy requires the provision of infrastructure in the economy, lower costs and fees for these services, availability of devices, equipment, skills, education, and training, as well as access to financial resources and the use of electronic money like credit cards.
- Information technology impacts the degree of competition, competitive strategies, and enhancement of competitive positions. The market structure varies according to the degree of ICT application in the digital economy, both locally and internationally. It is essential that information technology integrates with different economic systems and sectors, particularly manufacturing, training, education, financial, banking, and investment services.
- The digital economy focuses on human creativity and innovation, recognizing them as capable of increasing investment returns, generating wealth, and achieving sustainable economic growth.
- Information technology plays a crucial role in increasing economic growth rates, capital investments, and both internal and external e-commerce. The internet affects the methods of conducting business transactions and operational styles (Fatima Zahra, 2012-2013, 28-29).

2.2. Digital Economy Strategy in Arab Countries:

Strategic digital planning plays a crucial role in Arab economies, with many Arab countries adopting digital strategic plans that lay the groundwork for economic programs aimed at achieving several objectives, including stimulating economic growth, enhancing self-reliance, creating more job opportunities, supporting economic

diversification, and thus defining strategic guidelines for decision-making through leveraging digital transformations in entities responsible for implementing these plans.

This also involves providing frameworks for comparing actual and targeted implementation levels, allowing for periodic review of targets and economic policies. The digital economy strategy in Arab countries, particularly considering the state of Palestine, was accomplished through the national policy for digital transformation in cooperation with ESCWA in 2019.

Key features of this strategy include enhancing the use of digital technologies, providing a legal and legislative framework, supporting the infrastructure for digital technologies and data, developing education and scientific research, enhancing innovation and the business environment, ensuring data openness and availability, building the capacities of administrative and technical teams, and ensuring information security, privacy, sustainability, awareness, and community protection (Soufiane Kaloul, Walid Talha, 2020).

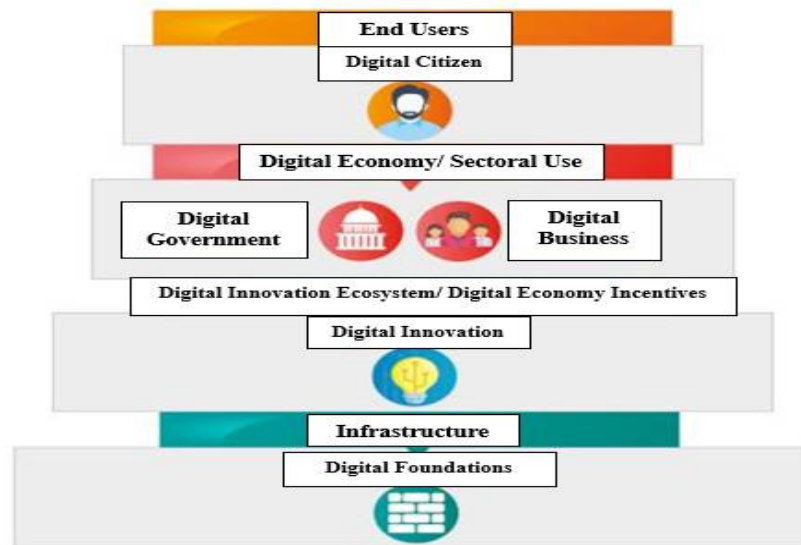
Digital economy strategies target specialized and segmented markets with low demand, aggregating them on a single digital platform. For instance, specialized books or those targeting a small segment of readers may not be feasible to stock in bookstores for long periods without being sold.

Successful examples of this strategy include platforms like Amazon or Alibaba, which offer specialized products for limited numbers of consumers but target a broad sector of low-demand products, marketing them to a global consumer base, thus accumulating sales volumes that would not be economically viable through traditional sales methods.

Moreover, the digital economy strategy in Arab countries encompasses five dimensions, as outlined by Dr. Abdelkader Zouatia (2022).

- **Digital Foundations:** This dimension aims to elevate the infrastructure level of information and communication technologies in Arab countries to a degree that enables them to keep pace with the rapid technological changes globally.
- **Digital Innovation:** This dimension aims to enable all Arab countries to keep up with the accelerated international technological future and provide education and skills systems that facilitate innovation in line with modern technology trends.
- **Digital Citizen:** This strategic dimension aims to maximize individuals' benefits from using digital technology, ensuring access to qualified education and skills, and improving the quality of life for citizens.
- **Digital Business:** This strategic dimension aims to enable companies to optimally use modern information and communication technologies and actively participate in the digital economy.
- **Digital Government:** This strategic dimension aims to provide a digital government that invests in information and communication technology to serve its citizens. This can be illustrated through Figure No. (01).

Figure No. (01): The Five Dimensions of the Arab Digital Strategy



Source: Arab League, Arab Joint Strategic Vision for the Digital Economy, First Edition, 2019, p. 110.

3. Secondly - An Overview of Start-ups:

3.1. Concept of Start-ups in Palestine:

In Palestine, accurate and comprehensive data on the prevalence of startups is lacking, both on macro and sector-specific levels. Efforts to collate a database through official channels have been unsuccessful, as no such data exists within these entities. This absence of data is largely attributed to the absence of standardized criteria for classifying entities as start-ups.

Additionally, a notable proportion of these ventures operate within the informal sector or choose to register their start-up activities outside of Palestine. This underscores the challenges in quantifying this segment of the economy. (Dr. Rabeh Marrar, Dr. Atef Allawna, March 2022, p. 72)

3.1.1. Definition of Start-ups According to Language and Sectoral Dictionaries:

The Cambridge English Dictionary describes a startup as a newly established small business, or an activity that initiates a new business endeavor requiring swift revenue generation. The term integrates 'start,' implying the initiation or launch, with 'up,' suggesting an upward trajectory or movement. This combination emphasizes the concept of a vigorous onset and subsequent growth.

3.1.2. Definition of Start-ups According to Entrepreneurs:

American entrepreneur Peter Andreas Thiel characterizes a start-up as the most extensive group of individuals that can be rallied around a plan to construct a preferable future (Thiel and Masters, Zero to One: Notes on Start-ups, or How to Build the Future, First Edition, Crown Business, 2014, p. 30).

Among entrepreneurs, there is a shared belief that a start-up is a venture aimed at radically improving reality and engendering profound changes, setting it apart from conventional businesses.

According to Amy Fontinelle, a start-up is identified as a recent enterprise in its nascent stages, founded and initially financed by an individual or a small group. Such enterprises provide a product or service that is either novel or significantly superior to existing market offerings, based on the founders' assessment.

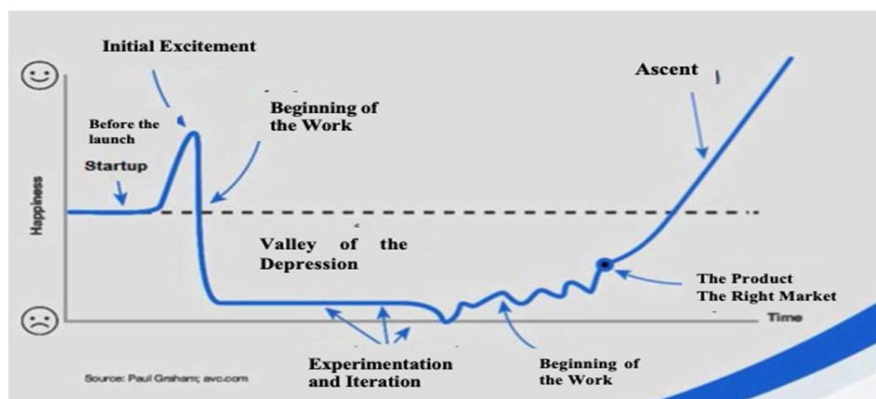
The usage of 'start-up' became common shortly after World War II, particularly with the rise of venture capital firms. It has gained considerable traction in contemporary discourse. La Rousse, the French dictionary, defines a start-up as a young, innovative company in the modern technology sector.

From these perspectives, start-ups are characterized as innovative ventures initiated by entrepreneurs, aiming for rapid growth. They are not restricted to the technology sector alone. These enterprises are typically temporary, designed for swift scalability. They introduce groundbreaking products or services, aiming to significantly impact a substantial market, all while operating under conditions of high risk and uncertainty.

3.2. Lifecycle of Start-ups:

The lifecycle of start-ups is often depicted through a model created by Paul Graham, which outlines the developmental stages these businesses typically undergo.

Figure No. (02): Lifecycle of a Start-up



Source: Dr. Souria Boutarfa, Dr. Najwa Nasra, The Role of Start-ups in Achieving Sustainable Development - The Case of Algeria, Journal of Economy and Sustainable Development, Volume 05, Issue 01, Arabi Tebessi University (Tebessa), 2022, p. 972.

From the previous figure, it is clear that start-ups go through six stages, which are as follows:

❖ Stage One: Pre-Launch

This foundational stage occurs before the official launch of the start-up. During this phase, an individual or team presents a prototype based on a novel or innovative idea. Intensive research and analysis are conducted to evaluate the idea, the market potential, and the preferences and behaviors of the target consumers. The goal is to ascertain the viability, developmental prospects, and long-term sustainability of the proposed venture.

❖ Stage Two: Launch

At this juncture, the start-up introduces its inaugural product or service to the market. This stage is particularly challenging as the offering is new and untested, making it difficult to secure financial backers.

Entrepreneurs frequently rely on personal networks, including friends and family, or seek out investors willing to undertake significant risks. Extensive promotion is essential during this phase, and the product is typically introduced at a high price point, with initial marketing efforts often spearheaded by the media.

❖ **Stage Three: Early Takeoff and Growth**

During this critical stage, the product gains maximum exposure and begins to peak in popularity, facilitated by broad distribution channels. The business may expand beyond its initial creators, but it also encounters increased competition, which can lead to potential setbacks or even failure if not managed effectively.

❖ **Stage Four: Sliding into the Valley**

Despite continued investment, possibly from venture capitalists, the start-up may experience a downturn, entering a period often referred to as the "Valley of Grief" or "Death." This stage is characterized by a significant decline in growth rates, which, if not addressed, could lead to the start-up's withdrawal from the market.

❖ **Stage Five: Climbing the Slope**

In response to challenges, the entrepreneur makes necessary adjustments to the product and introduces enhanced versions. This revitalization allows the start-up to regain momentum. With refined strategies and accumulated experience, the start-up re-enters the market with a second-generation product, adjusted pricing, and broader marketing efforts.

❖ **Stage Six: High Growth**

This stage marks the maturity of the product, which has now moved beyond the trial and testing phases and is fully integrated into the target market. The start-up sees consistent growth, with 20 to 30% of the target audience embracing the innovation. This phase is crucial as it signals the onset of economies of scale and the generation of substantial profits. (Dr.SouriaBoutarfa,Dr. Najwa Nasra, previously cited source, pp. 972-973).

3.3. Characteristics of Start-ups:

Start-ups are characterized by a set of features, which include:

- **Temporary Enterprise:** A start-up is not meant to remain a start-up indefinitely; it is just a phase. The primary goal of the entrepreneur is to evolve beyond the start-up phase and reach maturity and sustainability.
- **Innovation:** A key feature of start-ups is their ability to continuously innovate and develop, creating new products or enhancing existing ones with new specifications, services, and delivery methods.
- **Flexibility:** Due to their small size and limited experience, and their orientation towards uncharted territory, start-ups are particularly susceptible to challenges that require improvisation, especially in their early stages. This necessitates sufficient flexibility to tackle these challenges, as start-ups can rapidly evolve and generate significant profits.

- **Risk:** Operating under conditions of extreme uncertainty because they are based on innovation in a non-existent or unsaturated market, which makes market research difficult due to the lack of information. Thus, start-ups find themselves operating in the unknown.
- **Growth:** Unlike other enterprises, start-ups have a high capacity for increasing capital which aids in rapid growth. To achieve this, a start-up needs to innovate a product targeting a large market, then observe its growth through the availability of a minimum viable product in a market with the largest possible customer base, monitoring the number of new customers purchasing the product, and needing to offer more as evidence of achieving required growth rates.
- **Market Diversity:** While start-ups have shone in the technology sector, they are now penetrating traditional markets such as agriculture, industry, education, and others.
- **Capital and Investors:** Typically, an entrepreneur starts with self-funding or funding from friends and family, but each start-up in the knowledge economy tends to attract two types of investors: venture capitalists and business angels, who provide the capital needed for growth and development. (Dr. Hussein Youssef, Ismail Seddiki, 2021, p. 74).

4. Thirdly - The Relationship of the Digital Economy with Start-ups – Prospects and Challenges

4.1. Effectiveness of Start-ups in the Digital Economy:

The digital economy, often viewed as a modern alternative to traditional economic models, encompasses all economic activities that occur within the electronic realm, facilitated by advanced communication technologies and information technology.

Start-ups, particularly those operating in the industrial sector, encounter a myriad of complex challenges. These challenges compel them to devise innovative methods and strategic approaches to enhance their policy frameworks, thereby improving their competitive capabilities and enabling them to contend effectively in both local and global markets.

The impact of startups in the digital economy is also measured by their activity levels across various domains such as e-commerce, electronic banking, and digital investments. (Dr. Hussein Youssef, Seddiki Ismail, previously cited source, p. 85)

4.1.1. Practice of Startups in E-commerce:

Despite significant advancements in internet infrastructure, as evidenced by increased user numbers and improved connectivity technologies, the uptake of e-commerce applications remains sluggish. E-commerce involves several critical tasks, including:

- ✓ Conducting trade transactions between commercial entities through advanced information technology.

- ✓ Engaging in digital transactions that underpin commercial activities between businesses, individuals, and governmental agencies.
- ✓ Facilitating various commercial operations among economic players using contemporary communication technology, which ensures efficiency and expeditious execution of business processes. (Al-Awadi, 2010, pp. 166-167)

4.1.2. Extent of Start-ups' Practice in Electronic Investment:

Brokerage firms, particularly in developed nations, have undergone significant evolution due to the information revolution, which has notably enhanced electronic financial services.

These firms now offer extensive opportunities for engagement with investors via digital platforms, impacting both the quality and cost of services provided. Electronic investors have the capability to access investment funds online, thereby deriving both returns and services from these platforms.

Investing through the internet encompasses a broader scope than merely trading securities online. Digital investment includes, but is not limited to, the following activities:

- Utilizing internet brokerage services that facilitate trading through digital devices and internet networks continuously, with the added benefit of reduced transaction costs.
- Accessing information, studies, and research pertinent to investments available online, such as annual reports of companies, data stored by Securities and Markets Authorities, sector-specific information, revenue forecasts, expert recommendations, and specialized support in managing online investment portfolios. (Abu Azzoum Abu Jadariya Laki, 2018, p. 259)

Therefore, it is apparent that the engagement of start-ups in electronic investment is significantly influenced by the lack of a legal framework that provides necessary protections and governs the conduct of digital investments. This absence not only impacts the profitability of these enterprises but also their ability to compete effectively as the economy continues to transition towards digital platforms.

4.1.3. Practice of Start-ups in Electronic Banking:

The transition towards a digital economy significantly impacts the banking sector, driving a transformation towards more efficient and effective use of information technologies. This shift ensures the delivery of banking services to clients with heightened precision and convenience.

Electronic banking encompasses a broad range of services, all facilitated through electronic media. These services include the use of credit cards, as well as the exchange of information between the bank and its clients via electronic methods such as email. This approach to banking significantly enhances the accessibility and speed of service delivery, meeting the evolving demands of the digital age. (Kamal Molouj, Mohammed Talha, October 13, 2021, p. 2)

4.2. Digital Economy Indicators in Palestine:

In assessing the infrastructure necessary for digital transformations within Palestine, several key indicators are utilized, including cell phone penetration rate, landline rate, internet connectivity, internet speed, and the average cost of internet usage. This comprehensive approach ensures a robust evaluation of the digital infrastructure.

In comparison, Iraq focuses on four similar indicators: cell phone penetration rate, internet connectivity, internet speed, and average internet usage cost. The United Arab Emirates (UAE) and Jordan adopt a slightly different set of metrics. In the UAE, the quality of digital infrastructure is gauged using cell phone and landline penetration rates, among approximately 24 other indicators including internet speed.

Jordan, meanwhile, measures its infrastructure quality through a subset of these indicators. On the other hand, Qatar employs a distinctive approach by considering the percentage of individuals and households using cell phones and the internet, along with specific metrics for download and upload speeds, to assess its digital infrastructure quality. These regional differences highlight the varied approaches to digital transformation across different countries. (Dr. Soufiane Qalul, Dr. Walid Talha, previously cited source, p. 12)

Table No. (01): Indicators for Measuring the Quality of Infrastructure Used in Arab Countries

	Jordan	UAE	Sudan	Iraq	Syria	Palestine	Qatar	Oman	Somalia
Mobile Phone Usage	X	X	X	X	X	X	X	X	X
Landline Usage	X	X	X	X	X	X	X	X	X
Internet Connection	X	X	X	X	X	X	X	X	X
Internet Services Usage	X	X	X	X	X	X	X	X	X
Average Internet Usage Cost	X	X	X	X	X	X	X	X	X
Other Indicators	24 additional indicators	X	X	X	X	X	X	X	X

source: Arab Monetary Fund (2020), "Survey on Digital Transformations in Arab Countries.

4.3. Challenges and Future Visions for the Digital Economy in Palestine:

The national policy for digital transformation delineates the forthcoming phases and the strategic roadmap the Palestinian government intends to pursue in the realm of digital technologies and data management.

This policy involves comprehensive engagement from stakeholders across various sectors, setting clear priorities and designating entities for monitoring, evaluation, project management, and implementation. It emphasizes robust governance by ensuring the widespread dissemination of the policy and its publication on essential platforms, thus laying the groundwork for initiating digital transformation in subsequent phases.

As for future visions, efforts focus on the following:

- Increasing transparency in government transactions, through the electronic tendering system aimed at improving government performance and facilitating procedures related to tenders and government procurement. Initially, the system allows government sector purchasers to prepare purchase requests and display tender documents, and for private sector suppliers and contractors to purchase tender documents through the mentioned system, after which procedures continue in a conventional manner. The second phase of the system, covering the entire tender cycle from request preparation to tender offering, will involve publishing tender announcements for interested companies, then confidentially receiving and protecting submitted bids, transparently opening bids, clearly evaluating bids, and finally announcing the winning company.
- Immediate evaluation of electronic services, where the content of the electronic page and customer satisfaction around the electronic services provided by the Information Authority and the Electronic Government are evaluated through government electronic channels as part of crowdsourcing initiatives.
- Stimulating innovation in public services through the "Idea" government innovation competition aimed at stimulating creativity and innovation among government sector employees, providing them an opportunity to compete in presenting effective proposals to improve government performance and the quality of government services in Bahrain in line with the National Vision 2030 and the Sustainable Development Goals launched by the United Nations.
- Increasing digital literacy among citizens and residents by enhancing the use of electronic services across various channels, which reflects the awareness and culture of citizens and residents in the field of digital transformation.
- Generally, there is significant interest in providing infrastructure for fast communications and electronic payment platforms, issuing appropriate legislation, which will facilitate the seamless transition into the digital economy era. Additionally, the need for comprehensive economic reforms is underscored by laying down fundamental principles, represented in the principles of sustainability and competitiveness, to help advance the economy and transition it to a digital stage. (Dr. Soufiane Qalul, Dr. Walid Talha, previously cited source, pp. 22-23)

5. Conclusion:

The digital economy is fundamentally a knowledge-based economy, heavily reliant on information that is now more freely exchanged across global borders. The strategies deployed within this economy, especially those related to the labor market, pose significant challenges in understanding the competitiveness of startups in Palestine. These challenges revolve around grasping the critical aspects of the digital economy and the degree to which emerging practices can influence their operational methods. The potential for startups to thrive and compete effectively is deeply intertwined with the existence of a conducive business environment and a diverse array of funding sources. These sources include venture capital, government support mechanisms, and other financial avenues, where the accessibility of these funds is vital for the growth and sustainability of start-ups.

From the discussion, several outcomes can be derived:

- ✓ Provision of laws and regulations to create a suitable environment for establishing and developing start-ups.
- ✓ A significant number of start-ups in Palestine operate in the informal sector, with many opting to register in ecosystems outside Palestine.
- ✓ There is an opportunity and a need, especially in developing economies, for start-ups to innovate in areas such as health, water, and agricultural technology, and to find innovative solutions to the increasing challenges faced by individuals and communities in these sectors.
- ✓ Start-ups in Palestine operate within a complex environment surrounded by numerous political, economic, and social challenges.
- ✓ The necessity of having a suitable environment for managing these start-ups in a conducive working atmosphere.
- ✓ The necessity for governments around the world to adopt effective policies for reforming and building the ecosystem specific to start-ups.
- ✓ In Palestine, there are no accurate and comprehensive statistics about the number of start-ups, neither at a macro nor a sectoral level, primarily due to the lack of a database or a specific operational or practical definition or classification by the entities of what can be considered a start-up.

Recommendations: In light of the study's findings, the recommendations are as follows:

- ✓ Formulate and implement a national strategic plan to deal with the phenomenon of entrepreneurship and start-ups in a broad context that includes temporal, spatial, social, and organizational dimensions, aiming to reduce dealing with entrepreneurship in Palestine.
- ✓ Enhance and encourage innovation in financial tools dedicated to financing start-ups.

The government needs to allocate necessary budgets so that the relevant governmental bodies and institutions can support start-ups and stimulate entrepreneurship and creativity

- ✓ Support entrepreneurs to address the challenges facing their start-ups, leveraging the available technical, organizational, and managerial opportunities, as well as developing their economic and financial planning capabilities.
- ✓ Support small and medium enterprises that operate in the field of artificial intelligence, virtual reality, and augmented reality, which are used in several areas including education, medicine, entertainment, and more.
- ✓ Improve what is known as supply chains and set the necessary precautions to ensure their sustainability.
- ✓ It is crucial to focus on the digital economy and its impact on start-ups.
- ✓ Unify government efforts and initiatives in the field of entrepreneurship and innovation care and start-ups, with the importance of having a single governmental regulatory and supervisory entity that includes all parties.

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