

2020

GE GLOBAL INNOVATION BAROMETER

Saudi Arabia Executive Report

Combined January and September 2020 report

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Introduction & Key Findings





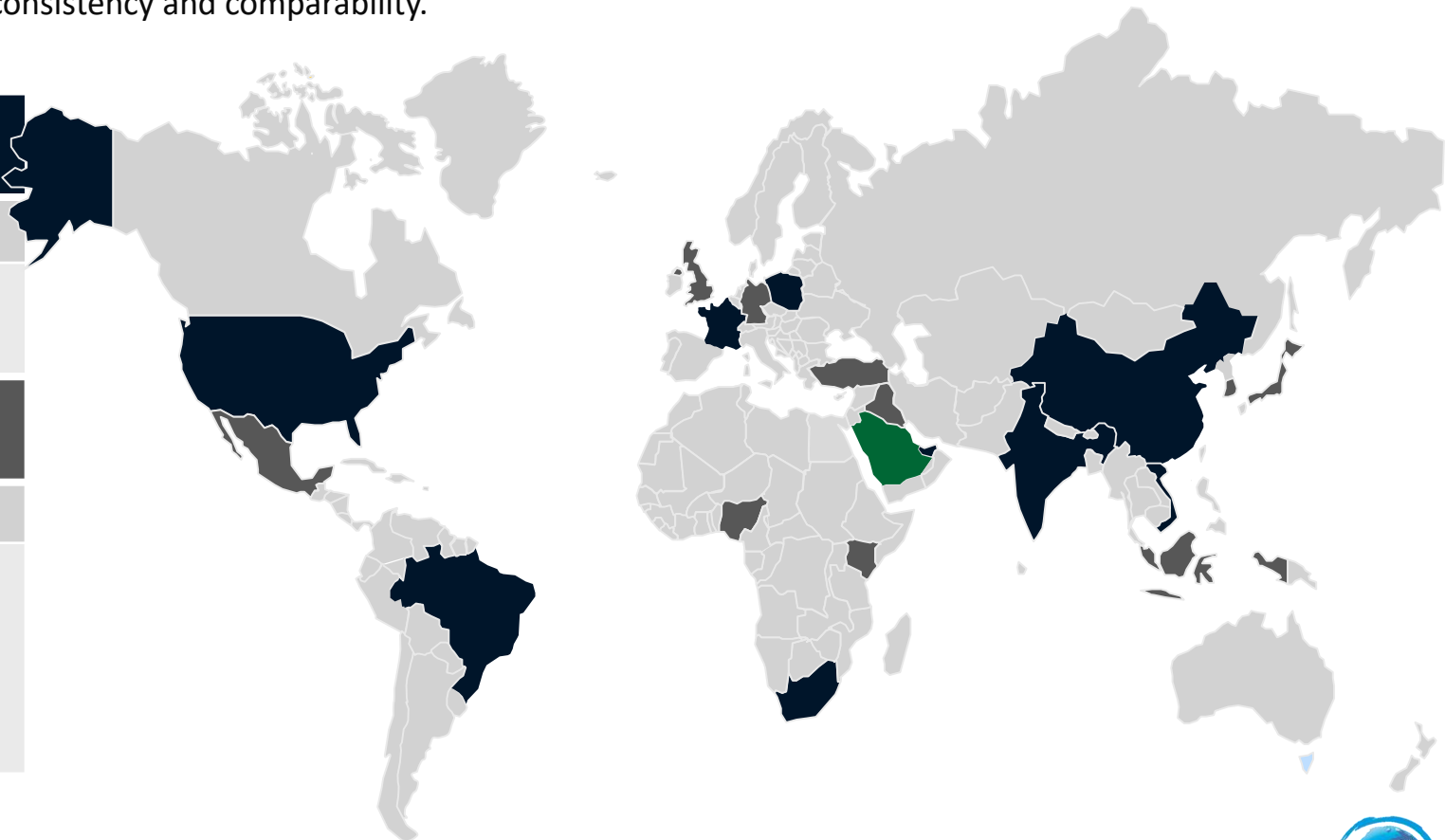
Nine Years of the GE Innovation Barometer

Since its inception in 2011, the GE Global Innovation Barometer has evolved, with the most important developments and trends in innovation and business.

Objective: Understand how opinions and perspectives of the business executive community have evolved in light of the major events of 2020.

Sample: Business Executives with a role in their company’s innovation policies and decision-making process. Fieldwork is monitored across a range of demographic and business metrics for consistency and comparability.

Sept 2020 Innovation Barometer Pulse
10 markets, 1,128 completes
Brazil, China, France, India, Poland, Saudi Arabia , South Africa, UAE, USA, Vietnam
Jan 2020 Innovation Barometer
22 markets, 2,307 completes
Brazil, China, France, Germany, India, Indonesia, Iraq, Israel, Japan, Kenya, Malaysia, Mexico, Nigeria, Poland, Saudi Arabia , South Africa, South Korea, Turkey, UAE, UK, USA, Vietnam



In **Saudi Arabia**, we talked to **101** innovation Business Executives in September 2020 and **100** in January 2020



Despite 2020 upheavals, Business Executives remain committed to innovation

Innovation both vital and under threat

Innovation is seen to have a vital role in addressing the major challenges that the world now faces.

However, the pandemic environment poses threats to this new innovation imperative, and progress has slowed in some industries and markets since the onset of COVID-19.

1

A paradox exists...cross border collaboration seen as critical as protectionist sentiments rise

Despite the recent pandemic and other upheavals, the appetite for collaboration across industries and geographies remains.

This still exists alongside a protectionist sentiment as the need to shield domestic economies is more keenly felt.

2

Throughout 2020, USA regains its confidence while China experiences a setback

Having risen to new heights of innovation status in January 2020, China has experienced setbacks in external trust, and in its internal innovation confidence.

However, the USA has recovered much of its old confidence.

3



Saudi Arabia Executive Summary



Saudi Arabia in Focus



2020 Key Findings

Pride and Protectionism: A Quest for Innovation Agency

1 Confidence to innovate

Moving into 2020, a third of Global Business executives (35%) saw Saudi Arabia as creating an ‘innovation-conducive environment.’

Saudi Business Executives had high confidence in their own ability to innovate, with two thirds (63%) agreeing that the pace of innovation had increased in their country.

COVID IMPACT: They show greater optimism than most about the impact of COVID-19 on innovation. Half (50%) believe the COVID-19 pandemic has caused the pace of innovation to increase and the same proportion believe it’s had a positive impact on their ability to innovate (49%).

3 Sustainable long-term innovation

Saudi Business Executives believe innovation should deliver long-term societal or environmental benefits, with two thirds (66%) rating this more important than short-term profitability.

COVID IMPACT: Since the onset of the pandemic, the importance of societal impact in innovation remains key, with almost 9 in 10 (88%) saying it is more important than ever for innovation to focus on the challenges facing society and public health.

2 Increasing pride in innovation

As countries focused on innovation, a strong belief in innovation sovereignty was present in Saudi Arabia in January 2020, with almost 6 in 10 (58%) feeling they didn’t need to rely on other countries to innovate.

COVID IMPACT: Although the strength of this self-belief has weakened globally during the pandemic, in Saudi Arabia it has strengthened slightly, with over 6 in 10 (62%) now saying their country is self-sufficient.

4 Innovation race between China and USA

The battle of the giants: the USA and China race narrowed at the start of 2020 as China’s pace of innovation accelerated. However, the USA remained the leading innovator globally (24%), with China slightly behind (19%).

COVID IMPACT: The USA regained some lost ground by September 2020, with an increasing percentage of Business Executives positive about their own innovation conducive environment (88% rating the USA as innovation conducive vs. 79% pre-COVID), while Chinese internal confidence fell (from 89% to 80% over the same period).



2020 Key Findings

Pride and Protectionism: A Quest for Innovation Agency

5 The benefits of protectionism

Over two thirds (68%) of Saudi Business Executives already felt that a protectionist stance on innovation would be beneficial to business at the start of 2020, with domestic investment (57%) and national job creation (49%) the most commonly-cited specific benefits.

COVID IMPACT: COVID-19 has given added impetus to the protectionist stance in Saudi Arabia, with near universal agreement (92%) that protectionism is important to help address the major economic problems created by the pandemic.

7 Hopes and fears for the future of innovation

Almost 9 in 10 Saudi Business Executives (88%) say that innovation is more important now than ever in a post-COVID environment. And as a result, Saudi companies are 3 times more likely to have increased innovation budgets during the pandemic (30%) than they are to have decreased it (10%).

Over half see movement restrictions (56%) and the potential for reduced investment (49%) as major threats to innovation in the future. Nearly all say that for innovation progress to be maintained, both global (91%) and domestic (83%) economies must recover from the setbacks of the last 6 months.

6 The paradox of protectionism and the risks of closing up

Despite this protectionist sentiment, Saudi Business Executives also perceive the risks of closing up. In January 2020, over three quarters of Saudi Business Executives were already concerned about a reduction in transfer of knowledge and technology between countries (67%) and how restrictions on innovation that would impact their workforce.

COVID IMPACT: As a result, Saudi Business Executives still recognize the need for international partnerships, with 86% saying that more partnerships across countries will help drive progress on innovation. Adding to their workforce-related fears, over two thirds (69%) say that remote learning will prevent STEM students from having a holistic experience of their field.



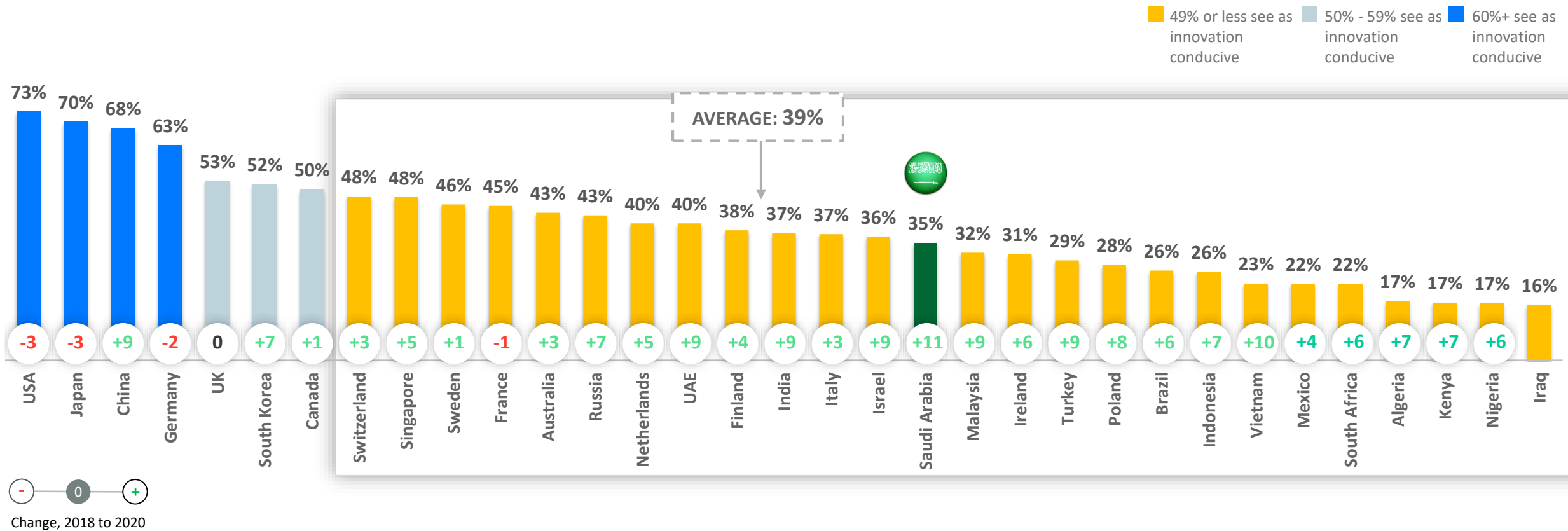
A World of Innovation Nations

Despite difficulties and setbacks, countries have continued to drive their innovation strategies to face the challenges posed by the pandemic



A third of Business Executives around the world see Saudi Arabia as an innovating environment

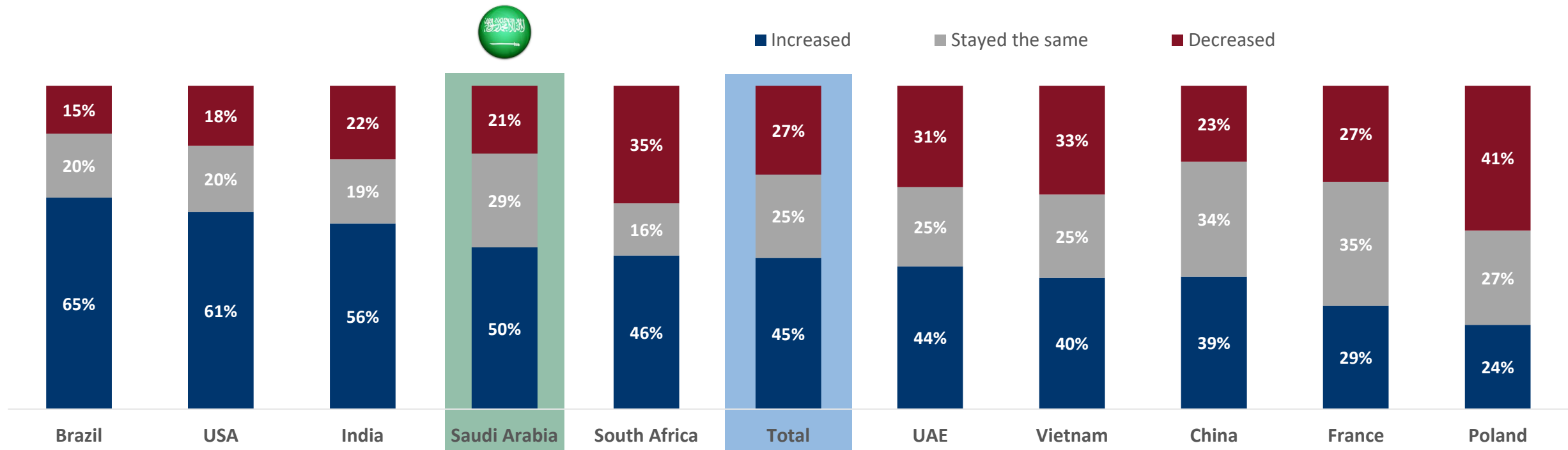
Jan 2020: % Who believe the following markets have developed as an innovation conducive environment (Top 3 Box)



Q3. For each of the following markets, how far would you say that they have developed an Innovation conducive environment? (Top 3 Box) [TRACKED BE] Base: Global business executives 2018: 2,090 [Saudi Arabia: 80]; Global business executives Jan 2020: 2,307 [Saudi Arabia: 100]

Half of Saudi Business Executives believe the pace of innovation has increased in their country due to COVID-19

Sept 2020: % Who believe the pace of innovation has increased in their country in the last 6 months due to the COVID-19 pandemic



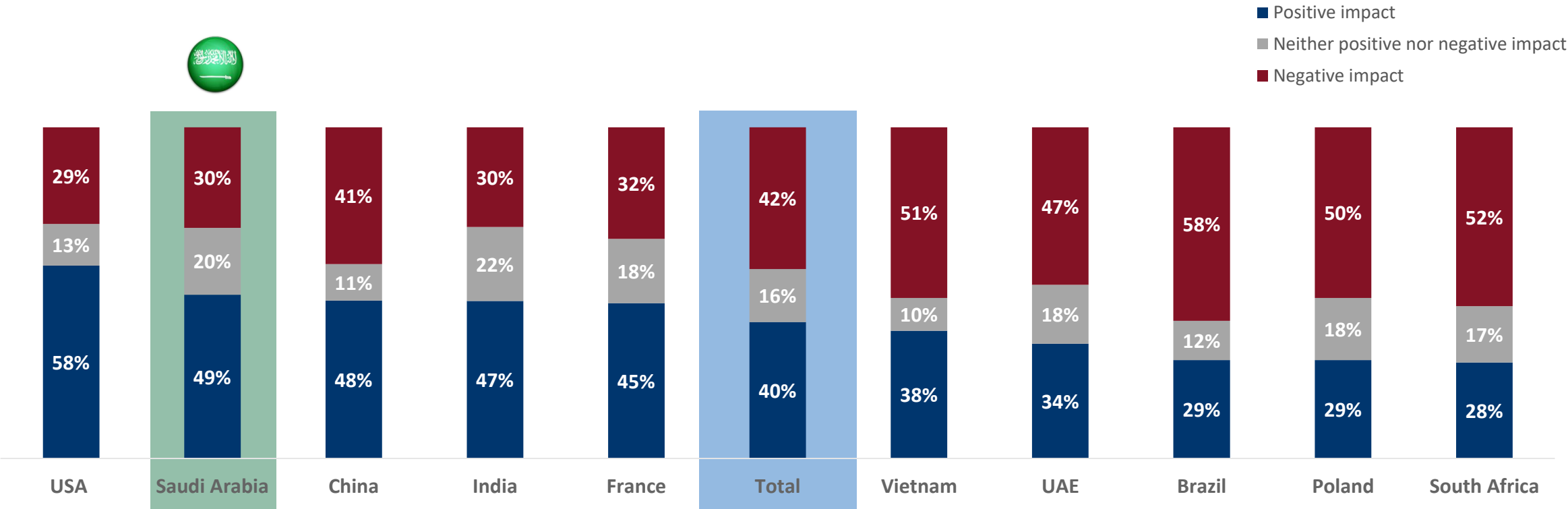
N.B. Excludes respondents who answered "Don't know"



Q8. Do you believe the COVID-19 pandemic has caused the pace of innovation in your country to increase, stay the same or decrease in the last 6 months? [NEW JAN 2020 BE | ADAPTED SEPT 2020 BE] Base: Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]

And half of Saudi Business Executives feel that the pandemic has had a positive impact on innovation

Sept 2020: % Who believe the COVID-19 pandemic had a **positive vs. negative impact** on the ability of their business to innovate over the past 6 months (NET Positive vs. NET Negative)



N.B. Excludes respondents who answered "Don't know"



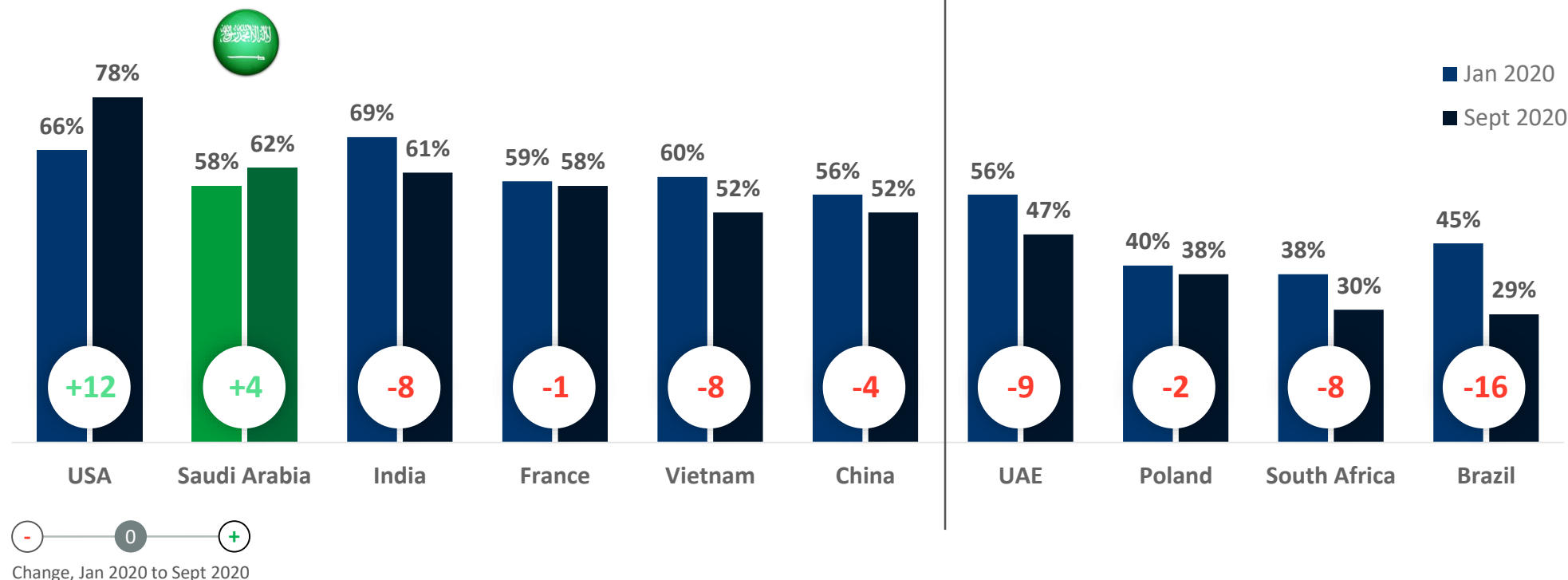
Q60. For each of the following events, please indicate to what extent, if any, these have had a positive or negative impact on the ability of your business to innovate over the past 6 months? (NET Positive impact; NET Negative impact) [NEW SEPT 2020 BE] Base: Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]

There is now a slightly higher sense of self-sufficiency in Saudi Arabia than before the pandemic

Jan 2020 vs. Sept 2020: % Who believe their country is self-sufficient, and does not need to rely on other countries to innovate (NET Agree)
(Ranked by Sept 2020 Data)

A majority (over 50%)

A minority (under 50%)



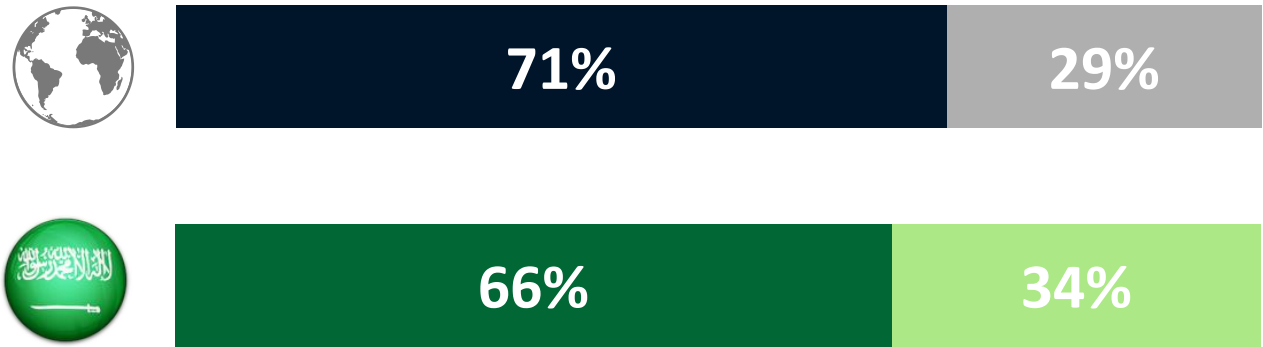
Q16. To what extent do you agree or disagree with the following statements related to innovation? (NET Agree) [NEW JAN 2020 BE] Base: Global business executives Jan 2020: 2,307; Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]

Two thirds of Saudi Business Executives feel that innovation should have a long-term societal benefit

Innovations that prioritize a long-term societal or environmental benefit are the best way to innovate

Innovations that prioritize short-term profitability and related business objectives are the best way to innovate

In Sept 2020:



Saudi Business Executives align with global sentiment on the crucial role innovation has for public health

In Sept 2020:



Say it is **more important than ever** for innovation to focus on the **challenges facing society and public health**



Say innovation has a **vital role in protecting people's health** and wellbeing



Q58. Thinking about the needs and priorities of innovation going forwards, to what extent would you agree or disagree with the following? (NET Agree) [NEW SEPT 2020 BE]
Base: Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]

Saudi Business Executives agree that there is a change in innovation leadership, with healthcare setting the example

In Sept 2020:



84%

Say **the types** of industries that are leading on innovation **is changing**



82%

Say **healthcare** has set a great example for **others to follow** on speeding up innovation



86%

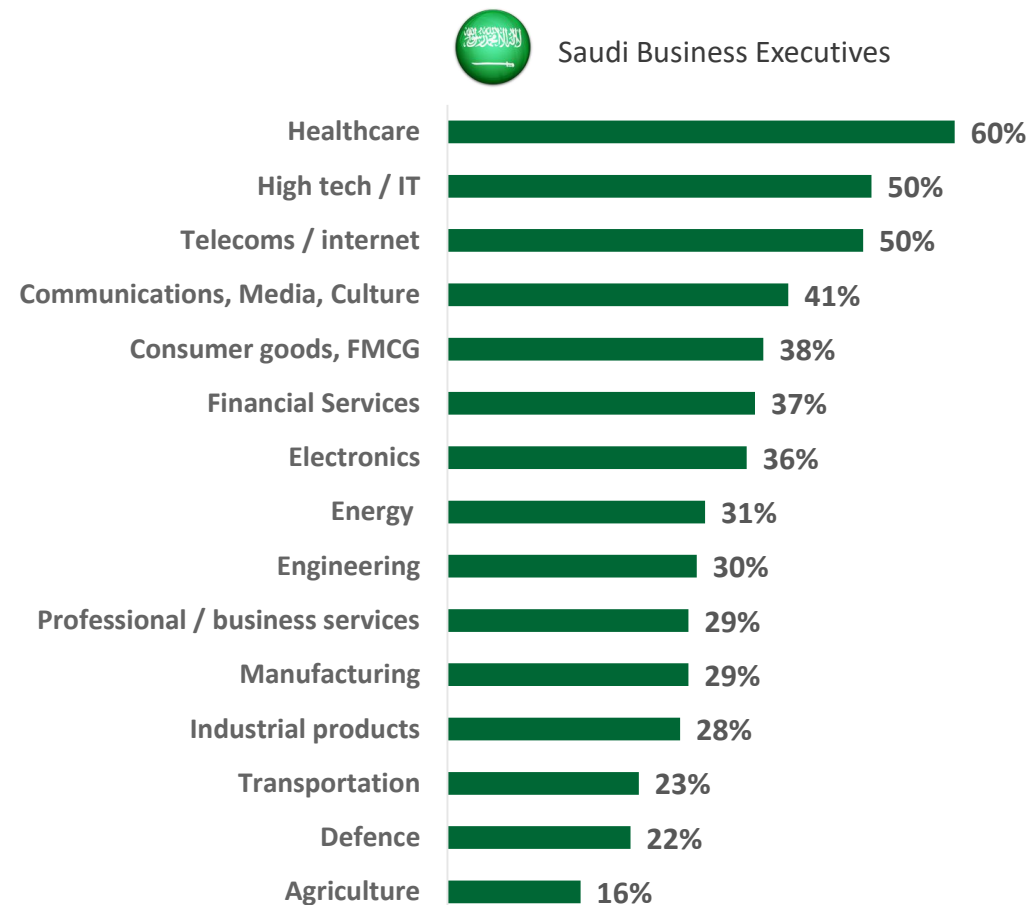


81%



Healthcare is viewed as the number one industry to make significant progress in the past 6 months

Sept 2020: % Who believe that each of the following industries have made significant progress in relation to innovation over the last 6 months



Q44. Which of the following industries, if any, do you think have made significant progress in relation to innovation in the last 6 months during the COVID-19 pandemic? [NEW SEPT 2020 BE] Base: Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]

A Redefinition of the Global Innovation Influence Map

Beyond the battle for innovation leadership between the USA
and China

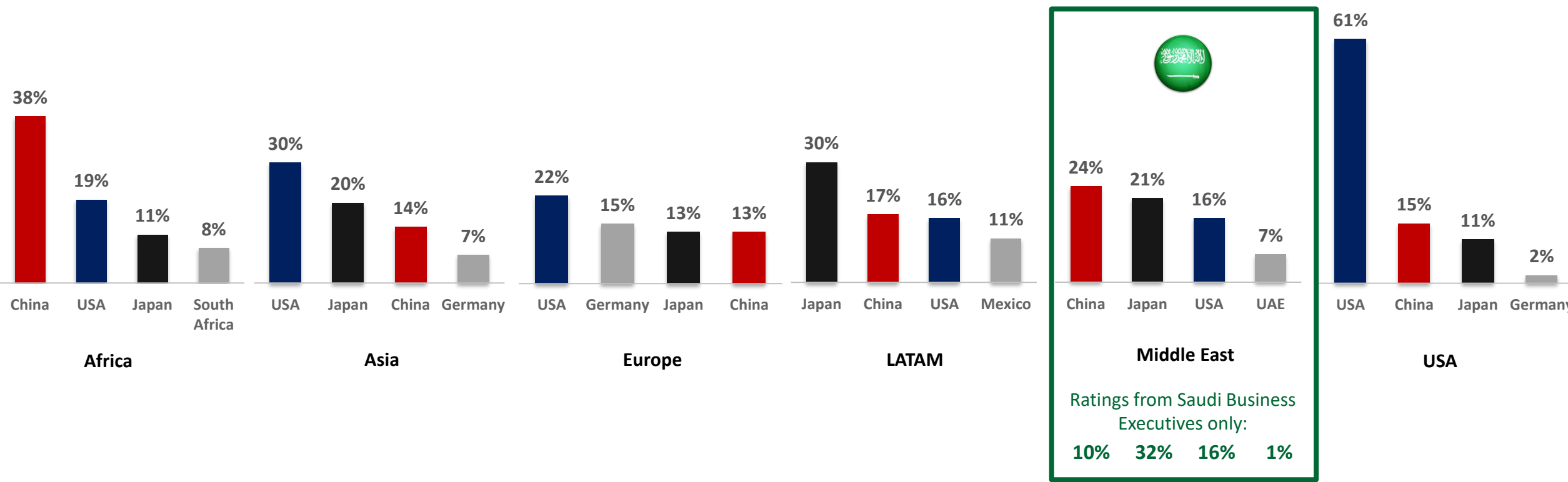


As global supply chains come under increasing scrutiny,
Business Executives are more aware of country relations
when choosing global partners



Saudi Business Executives are most likely to view Japan as global ‘innovation champion’

Jan 2020: % Who believe the following countries are THE innovation champion (Regional breakdown)

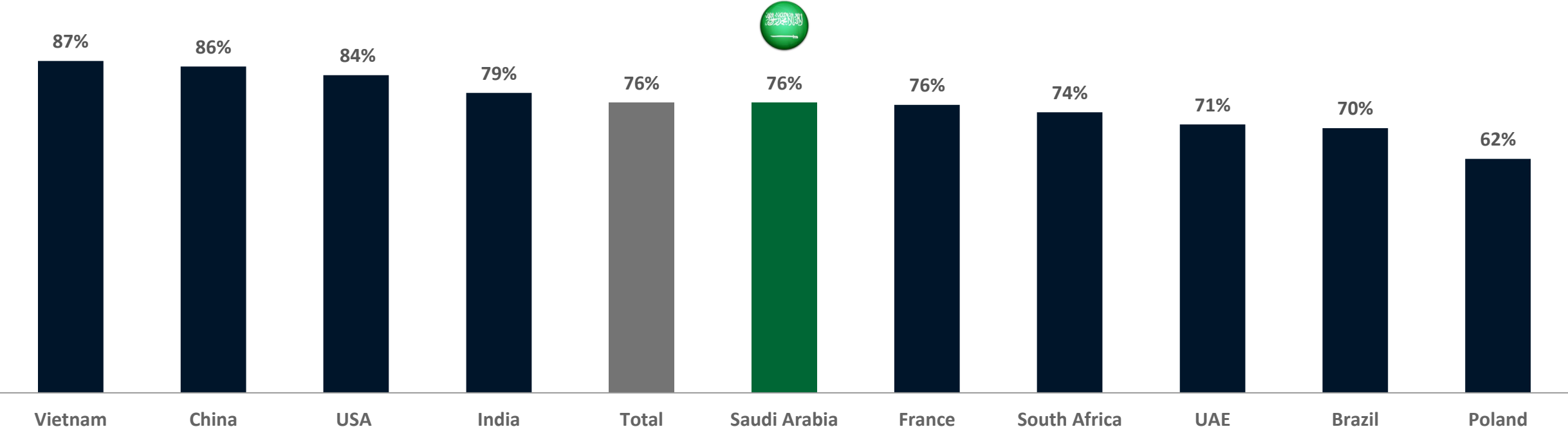


Q1. What is THE country that you consider to be the leading innovation champion? [TRACKED BE] Base: Global business executives Jan 2020: 2,307 [Africa: 302, Asia: 751, Europe: 500, Latin America: 200, Middle East: 404, USA: 150, Saudi Arabia: 100]



Aligned with global sentiment, three quarters of Saudi Business Executives believe supply chains are under increased scrutiny

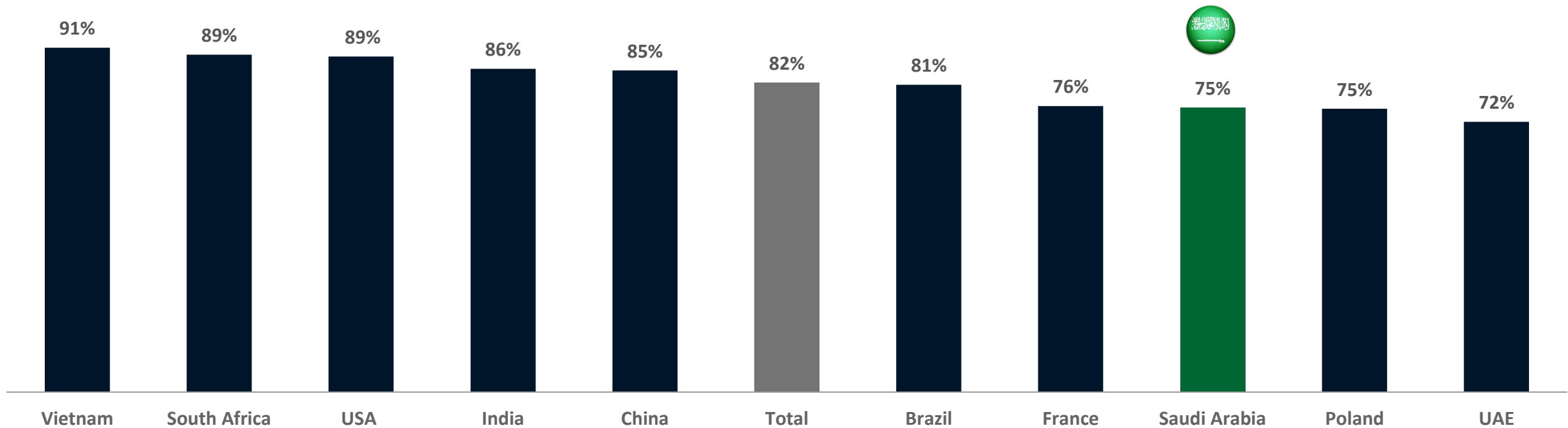
Sept 2020: % Who believe that International supply chains are increasingly under scrutiny (NET Agree)



Q16. To what extent do you agree or disagree with the following statements related to innovation? (NET Agree) [TRACKED BE – NEW STATEMENT] Base: Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]

Since the pandemic, Saudi Executives believe businesses should be more aware of country relations before forming partnerships

Sept 2020: % Who believe businesses need to be more aware nowadays of country relations before choosing to partner with another business (NET Agree)



Q16. To what extent do you agree or disagree with the following statements related to innovation? (NET Agree) [TRACKED BE – NEW STATEMENT] Base: Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]

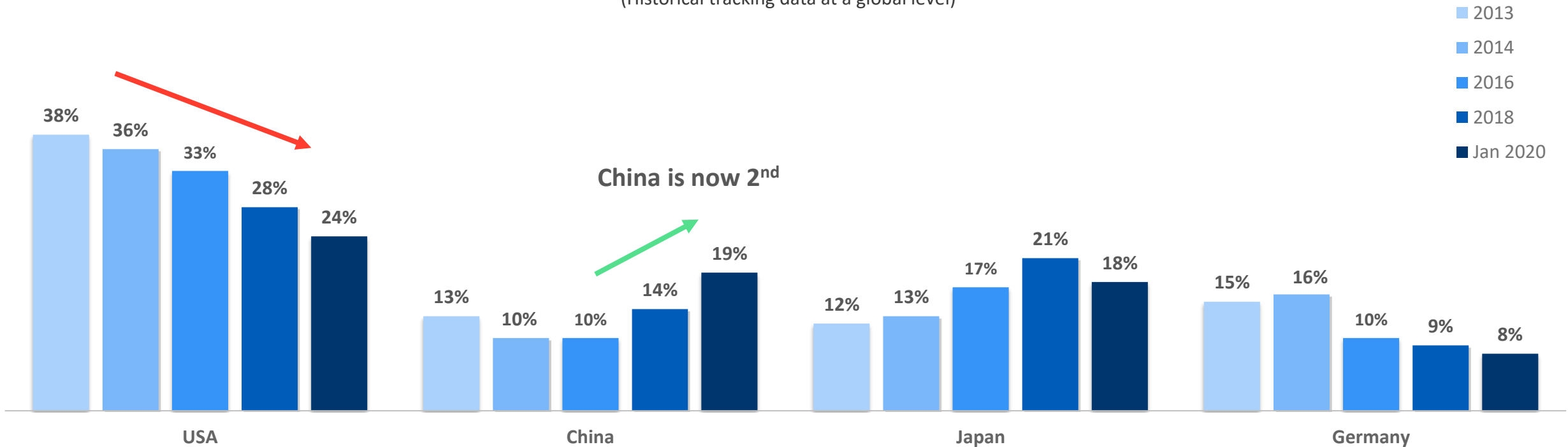
Although the innovation race between the USA and China narrowed pre-COVID-19, the USA has grown in confidence during the pandemic, while China has fallen back





In January 2020, China continued to close the gap on the USA as an innovator and moved ahead of Japan

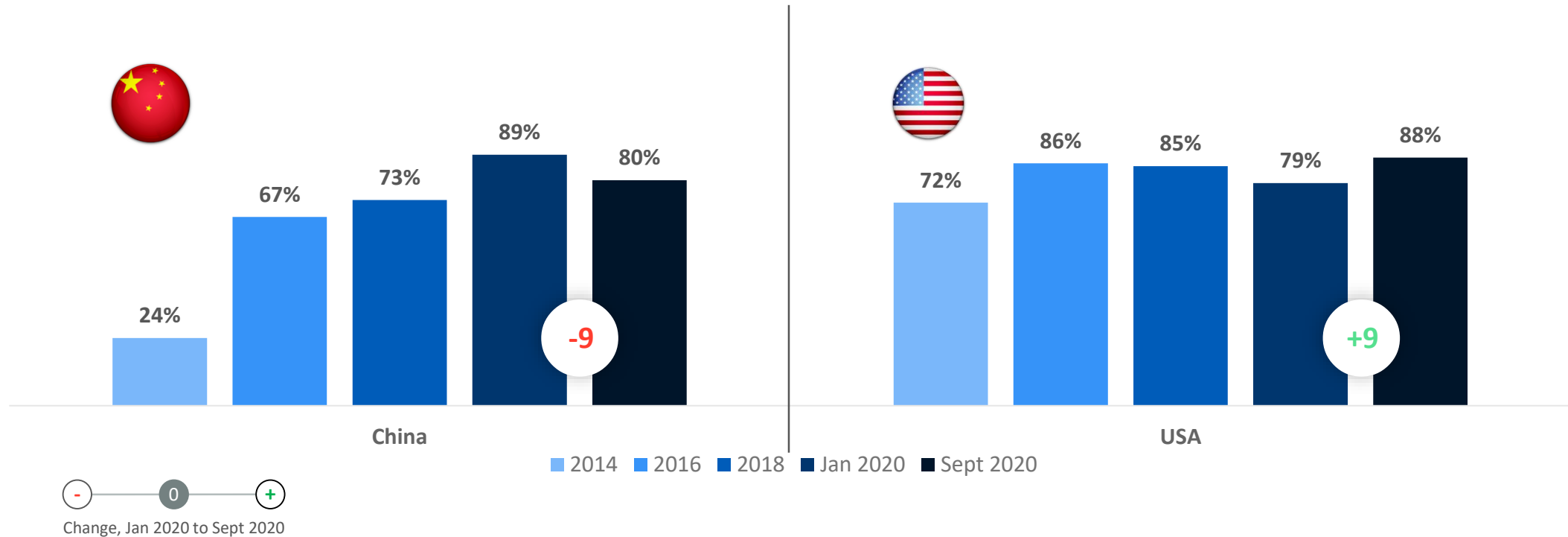
Global Business Executives: % Who believe the following countries are THE innovation champion
(Historical tracking data at a global level)



Q1. What is THE country that you consider to be the leading innovation champion? [TRACKED BE] Base: Global business executives 2013: 3,100; Global business executives 2014: 3,309; Global business executives 2016: 2,748; Global business executives 2018: 2,090; Global business executives 2020: 2,307

Internal optimism in the USA has become more positive, while it has fallen in China since the onset of COVID-19

Chinese / USA Business Executives: % Who believe **their own market** has developed as an **innovation conducive environment** (Top 3 Box)



Q3. For each of the following markets, how far would you say that they have developed an Innovation conducive environment? (Top 3 Box) [TRACKED BE]
Base: Global business executives 2014 [China: 200, USA: 300]; Global business executives 2016 [China: 207, USA: 207]; Global business executives 2018 [China: 150; USA: 150]; Global business executives Jan 2020 [China: 150; USA: 150]; Global business executives Sept 2020 [China: 155; USA: 152]

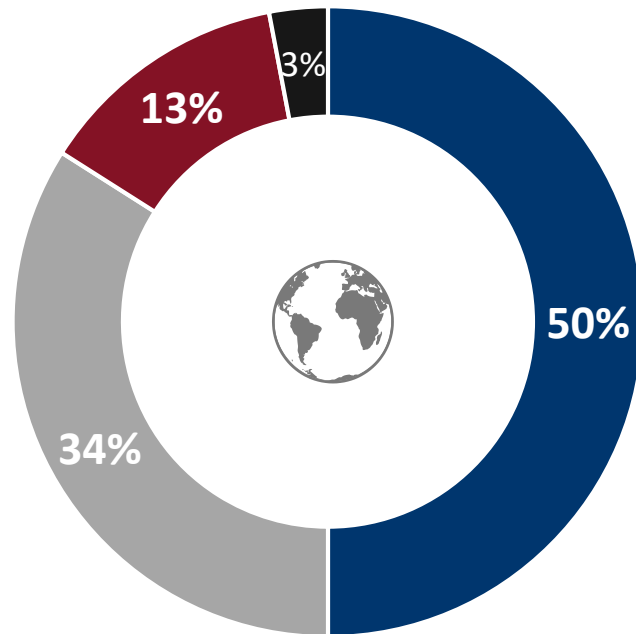
Protectionism Continues to Grow

Despite desire to collaborate more with global partners, protectionism is increasingly seen to have a net positive impact on innovation. For now.

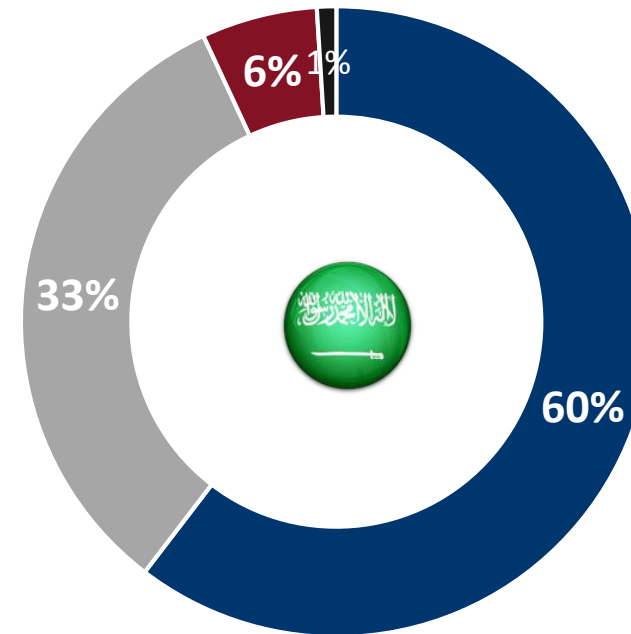


Almost two thirds of Saudi Business Executives say that COVID-19 has meant a more protectionist stance from their government

Sept 2020: % Who believe their government has taken a more vs. less protectionist stance on innovation in their country over the last 6 months (during the COVID-19 pandemic)



Half (50%) say that **their government** has taken a **more protectionist stance** during the COVID-19 pandemic



Almost two thirds (60%) say that the **Saudi Arabia government** has taken a **more protectionist stance** during the COVID-19 pandemic

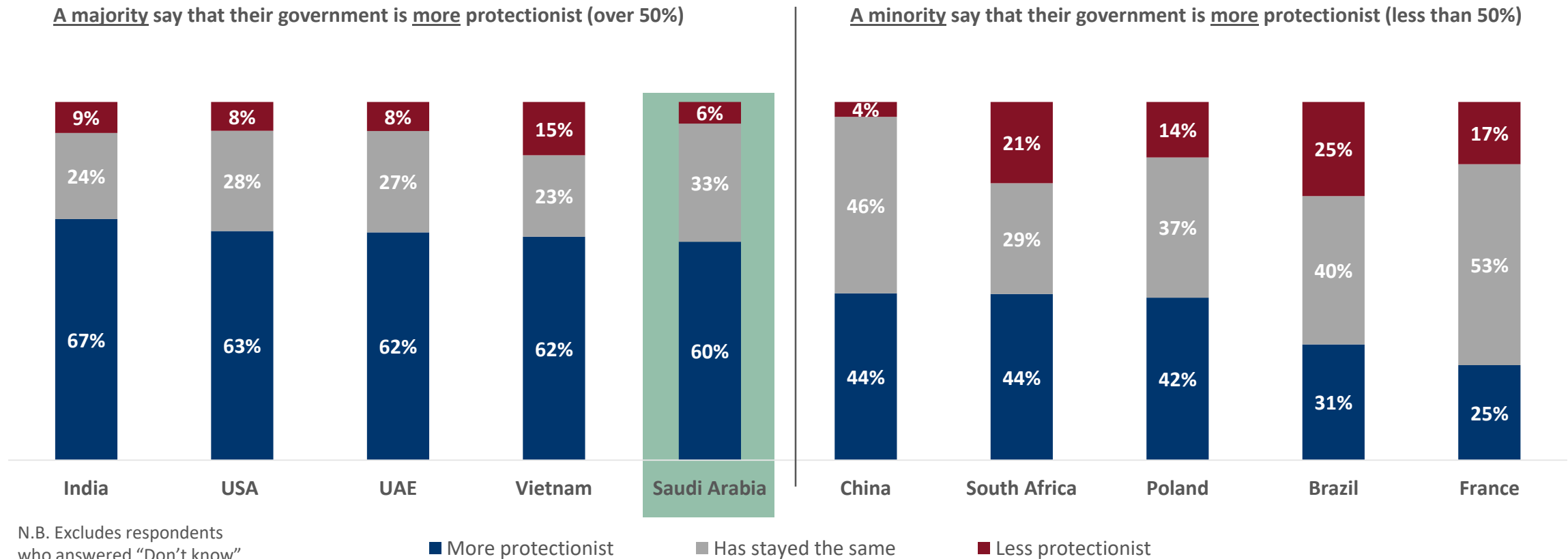
■ More protectionist ■ Stayed the same ■ Less protectionist ■ Don't know



Q47. Which of the following best describes your view on the protectionist stance your government has taken on innovation in your country over the last 6 months (during the COVID-19 pandemic)? [NEW SEPT 2020 BE] Base: Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]

Saudi Arabia has become more protectionist during the pandemic, to a similar extent as Vietnam, UAE and USA

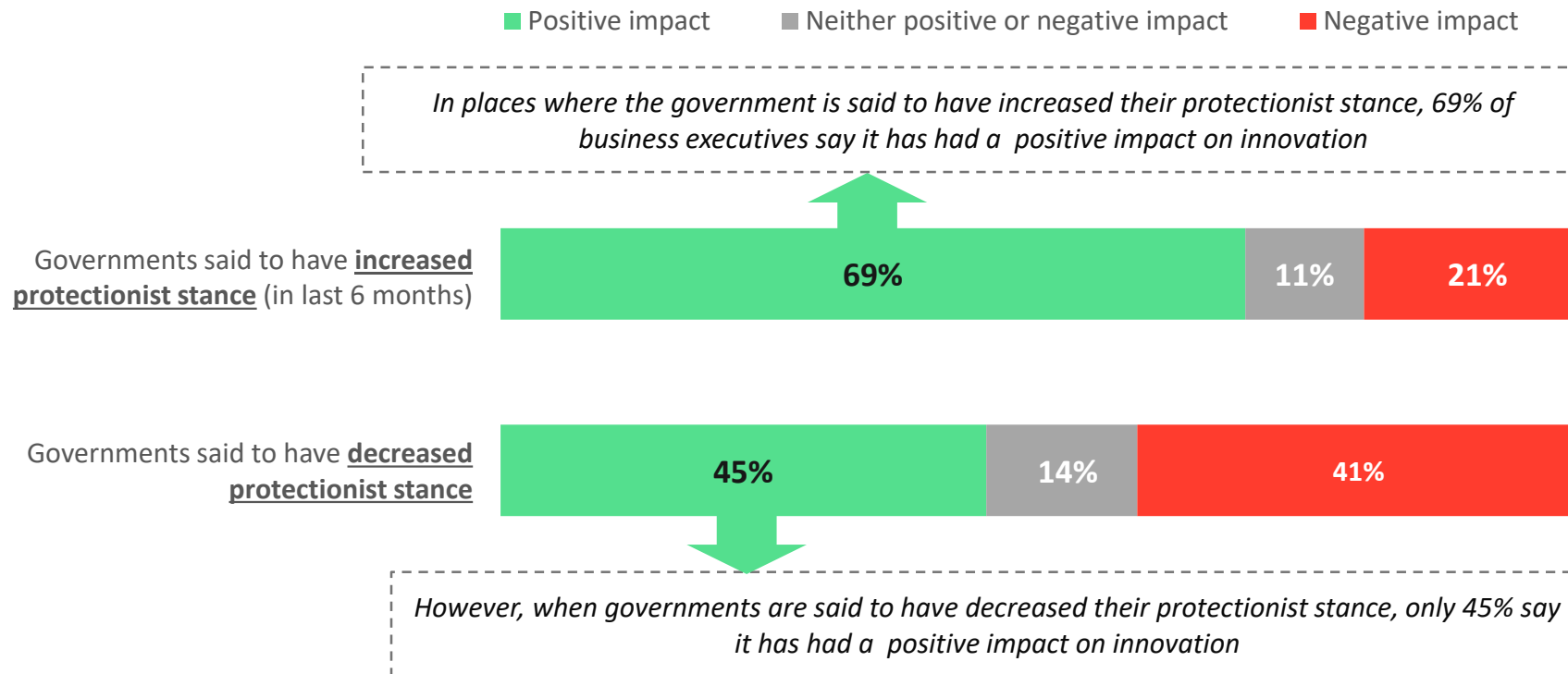
Sept 2020: % Who believe their government has taken a **more vs. less protectionist stance on innovation** in their country over the last 6 months (during the COVID-19 pandemic)





Over two thirds feel the impact on innovation has been positive where governments have increased their protectionist stance

Sept 2020: % Who believe their governments protectionist stance in the last 6 months has had a **positive vs. negative impact** on innovation

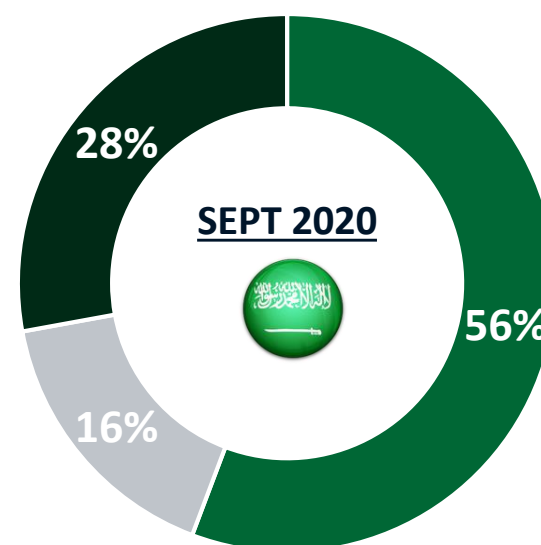
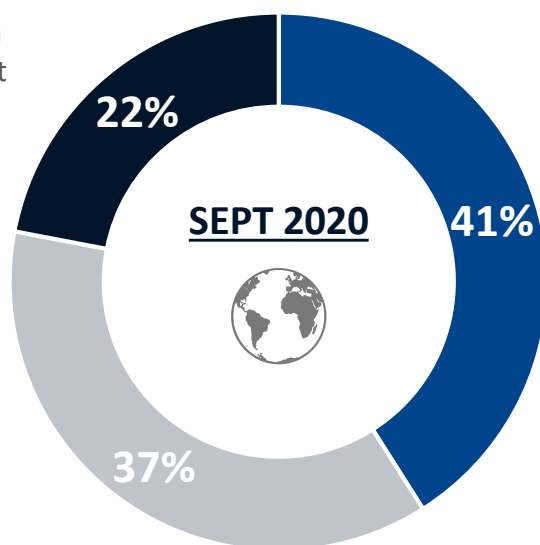


Q48. You said that your country's government has taken a more/the same/less protectionist stance in the last 6 months. To what extent has this had a positive or negative impact on innovation? [NEW SEPT 2020 BE] Base: Global business executives Sept 2020: 1,128 [Those who believe their government has taken a more protectionist stance: 568; a less protectionist stance: 136]

However, over half believe this protectionism will not last longer than a year

Time the more protectionist stance taken by their government will continue
(amongst those who said that their government is more protectionist)

Globally, less than a quarter
(22%) believe that this rise in
protectionism in their market
will last **more than 3 years**



In **Saudi Arabia**, over half
(56%) believe that this rise in
protectionism in their market
will last **max 1 year**

■ Max 1 year ■ Between 1 to 3 years ■ More than 3 years



Q49. You said that your country's government has taken *a more* protectionist stance in the last 6 months How long do you think these changes will last?
[NEW SEPT 2020 BE] Base: Global business executives Sept 2020 who believe their government has taken *a more* protectionist stance: 568 [Saudi Arabia: 61]

Saudi Business Executives align with global views on the benefits of protectionism

In Jan 2020:



45%



57%

Say protectionism **creates more domestic investment opportunity**



43%



44%

Say protectionism is **positive for domestic trade**

Q12. Out of the reasons below, why do you think protectionism would have a beneficial effect on businesses in your country? [TRACKED BE] Base: Global business executives who support a politically protectionist stance on innovation Jan 2020: 1,375 [Saudi Arabia: 68]

In Sept 2020:



94%



92%

Say a protectionist stance is important to **help address the major economic problems** in this country created by the pandemic



94%



91%

Say a protectionist stance is important to help the **domestic economy** recover

Q50. Thinking about the reasons for adopting a protectionist stance, how important would you say the following are in the current economic climate? [NEW SEPT 2020 BE] Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]

Saudi Business Executives believe in the power of protectionism to save jobs

In Jan 2020:



42%



49%

Say protectionism provides **more jobs nationally**



42%



44%

Say protectionism **reduces unemployment**



40%



43%

Say protectionism creates opportunities to **upskill the domestic workforce**

Q12. Out of the reasons below, why do you think protectionism would have a beneficial effect on businesses in your country? [TRACKED BE] Base: Global business executives who support a politically protectionist stance on innovation Jan 2020: 1,375 [Saudi Arabia: 68]

In Sept 2020:



94%



95%

Say a protectionist stance is important to **protecting jobs in this country**

Q50. Thinking about the reasons for adopting a protectionist stance, how important would you say the following are in the current economic climate? [NEW SEPT 2020 BE] Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]

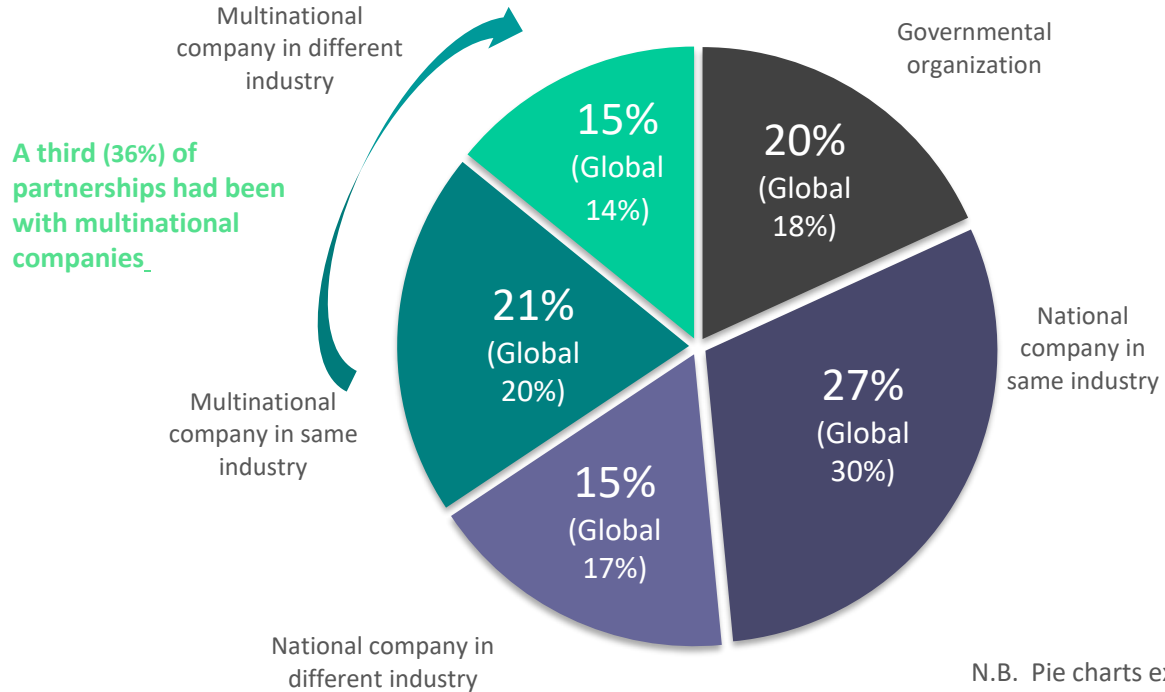
Protectionism paradox: Despite protectionist sentiment, Executives still value international collaboration highly



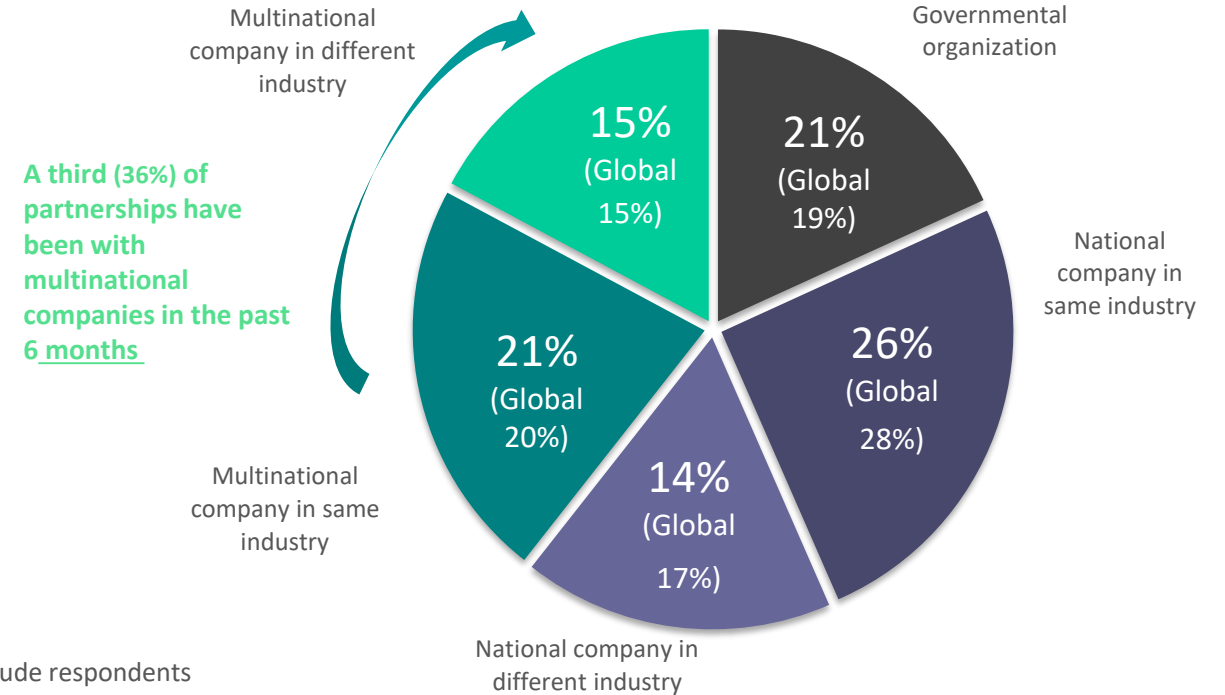


Partnerships between MNCs (and other types) have remained stable in Saudi Arabia before and after the pandemic

Jan 2020: % Saudi Business Executives who made partnerships the last 12 months with following types of organization*



Sept 2020: % Saudi Business Executives who made partnerships the last 6 months with following types of organization



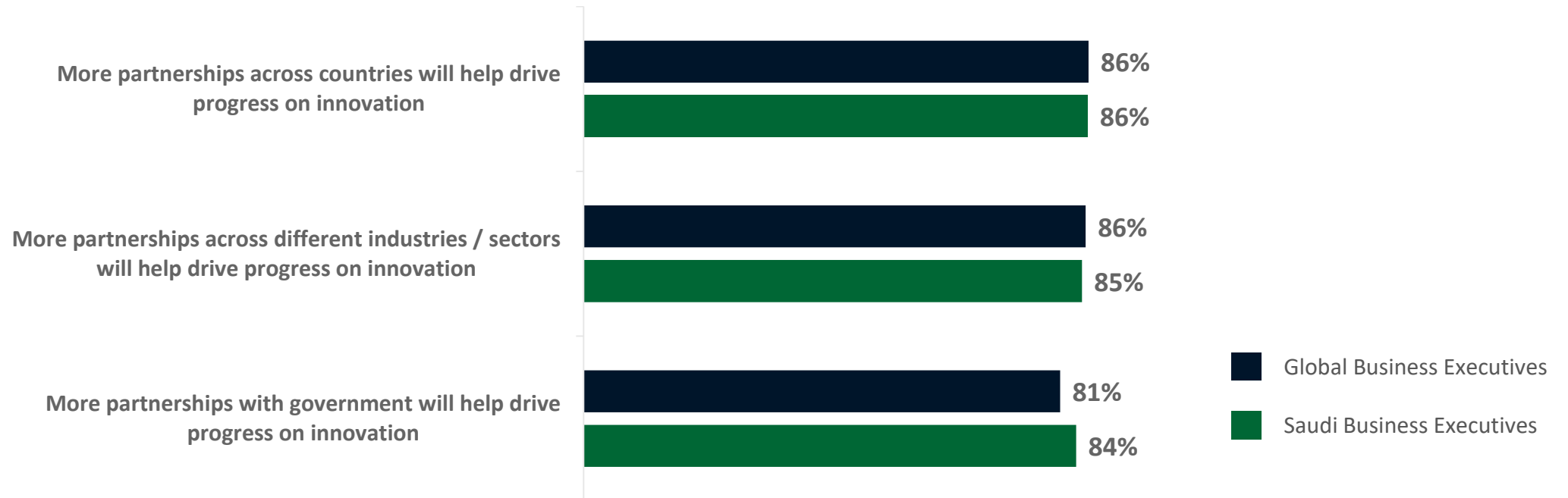
N.B. Pie charts exclude respondents who answered "Other"



Q18. Thinking specifically about your company, can you specify over the past 6 months* what percentage (%) of partnerships fell under the following types? (Mean Summary)
[NEW JAN 2020 BE] Base: Global business executives who had a partnership Jan 2020: 1,860 [Saudi Arabia: 100]; Global business executives who had a partnership Sept 2020: 932 [Saudi Arabia: 85]

Establishing partnerships across countries is viewed as a priority post-COVID-19 aligned with global sentiment

Sept 2020: % Who agree with the following about the needs and priorities of innovation going forwards (NET Agree)



Q58. Thinking about the needs and priorities of innovation going forwards, to what extent would you agree or disagree with the following? (NET Agree) [NEW SEPT 2020 BE]
Base: Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]

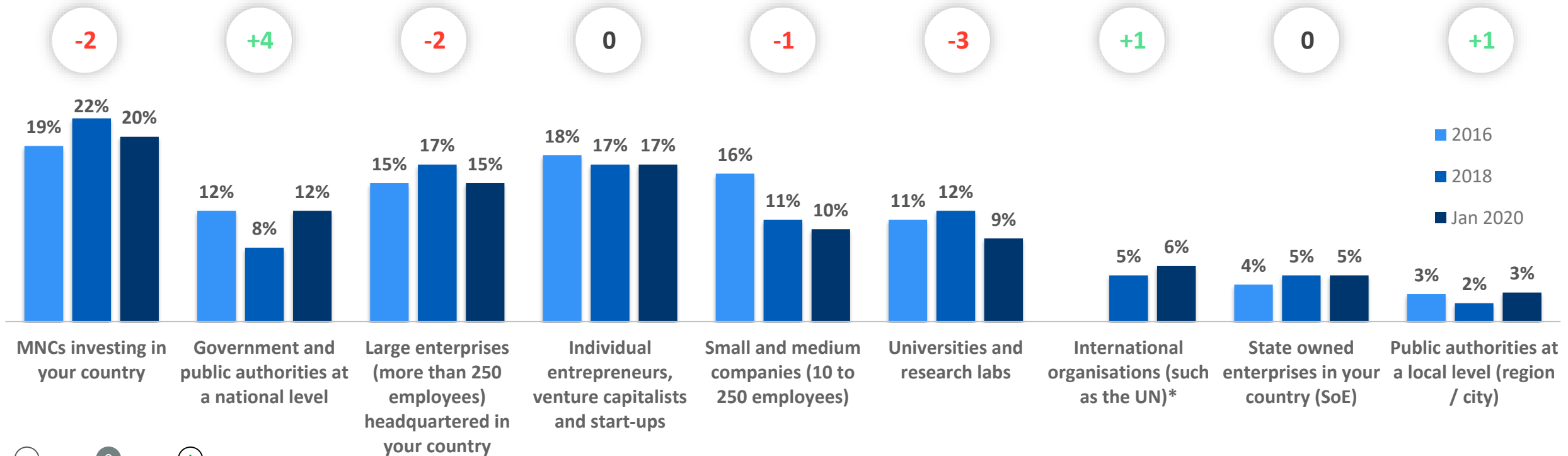
Business Executives rely on MNCs and the role they play as a driver of innovation





Multinationals are still in the driving seat globally

% Who believe the following are driving innovation the most today in their country
(Historical tracking data at a global level)



Change, 2018 to Jan 2020

*No data in 2016

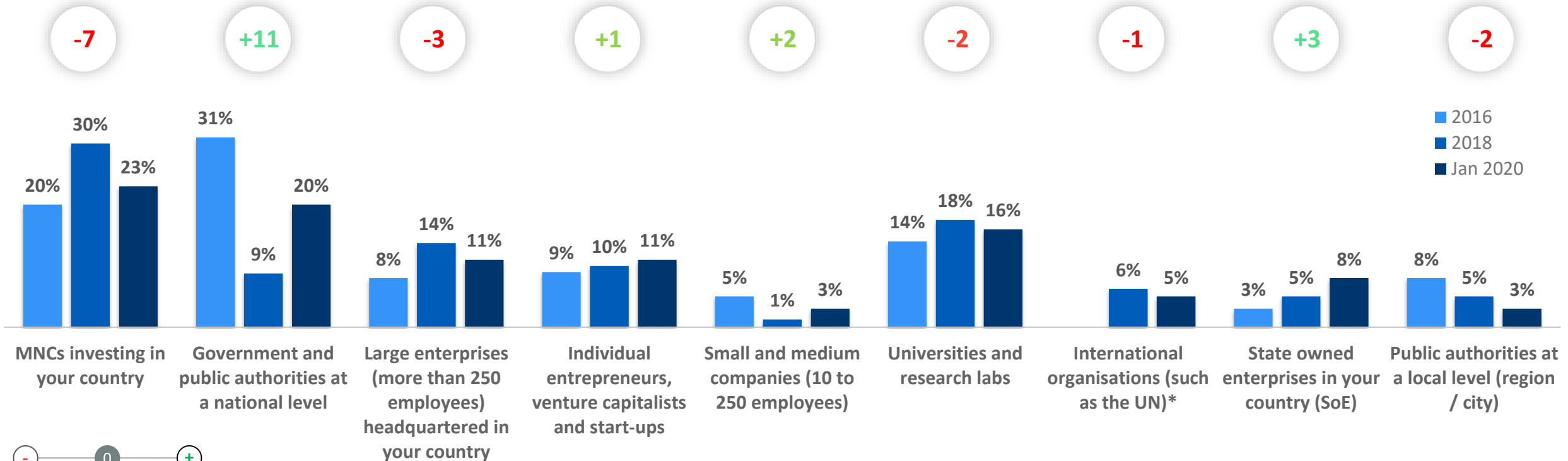


Q5. Who do you think is driving innovation the most today in your country? [TRACKED BE] Base: Global business executives 2016: 2,748; Global business executives 2018: 2,090; Global business executives Jan 2020: 2,307

Government deemed to be taking an increasing role in driving innovation in Saudi Arabia



Saudi Business Executives: % Who believe the following driving innovation the most today in their country



Change, 2018 to Jan 2020

*No data in 2016



Q5. Who do you think is driving innovation the most today in your country? [TRACKED BE] Base: Saudi business executives 2016: 100; Saudi business executives 2018: 80; Saudi business executives Jan 2020: 100

Innovation Hopes and Fears

An open innovation playground allowing access to global talent, capital and technology is both critical and under threat

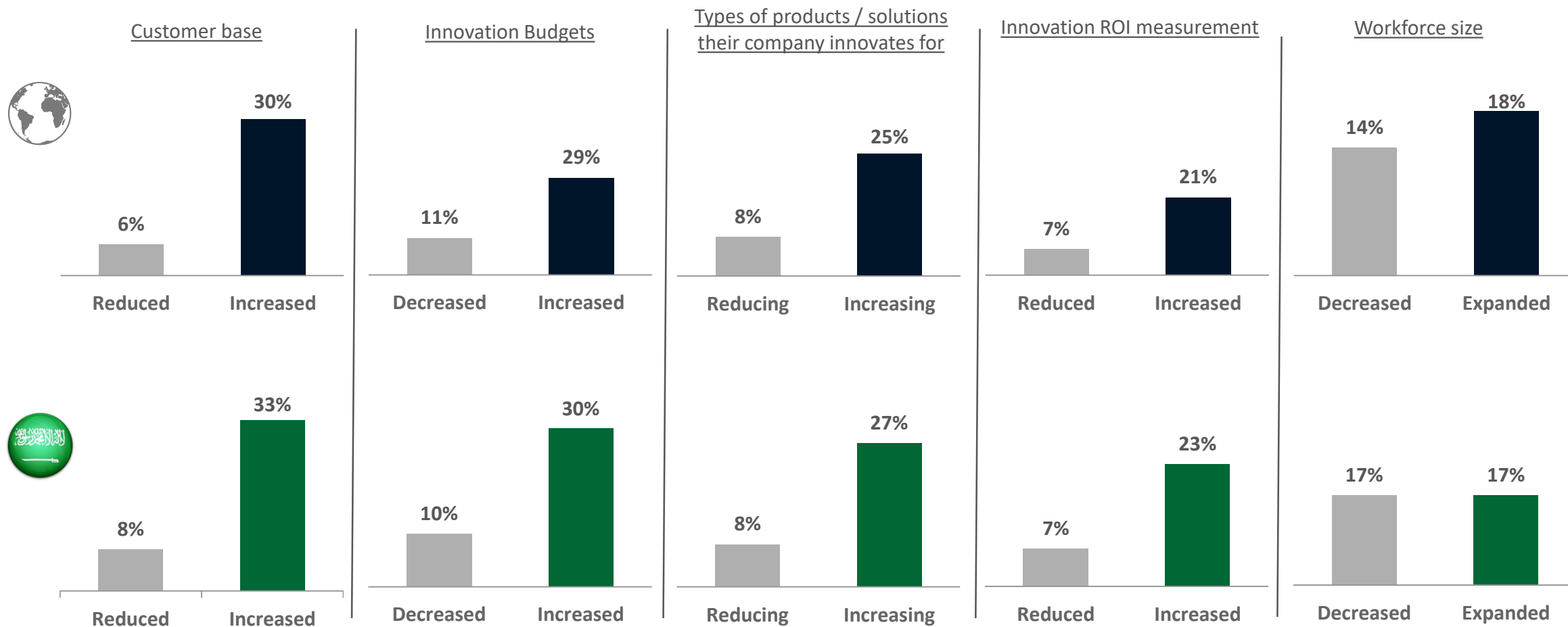


The pandemic has heightened the importance and priority placed on innovation across the globe



Company innovation strategy in Saudi Arabia during the pandemic shows an increased priority on expanding customer base and budgets

Sept 2020: % Who believe the following changes have been made to their company's innovation strategy over the last 6 months (positive vs. negative changes)



Q54 What changes have been made to innovation since COVID? [NEW SEPT 2020 BE] Base: Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]

Aligned with global sentiment, Saudi Business Executives recognize expansion in customer bases and adapting innovation strategies

Sept 2020: % Who believe the following changes have been made to their company's innovation strategy over the last 6 months (Top 10 changes made)



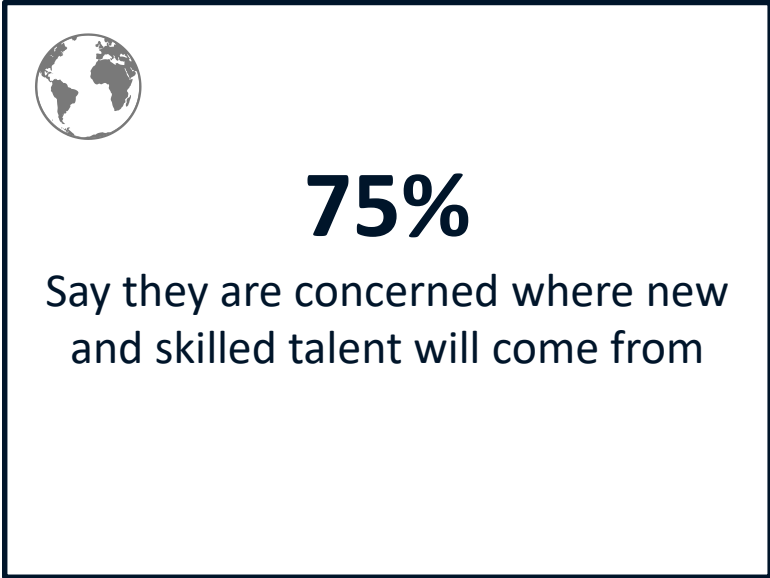
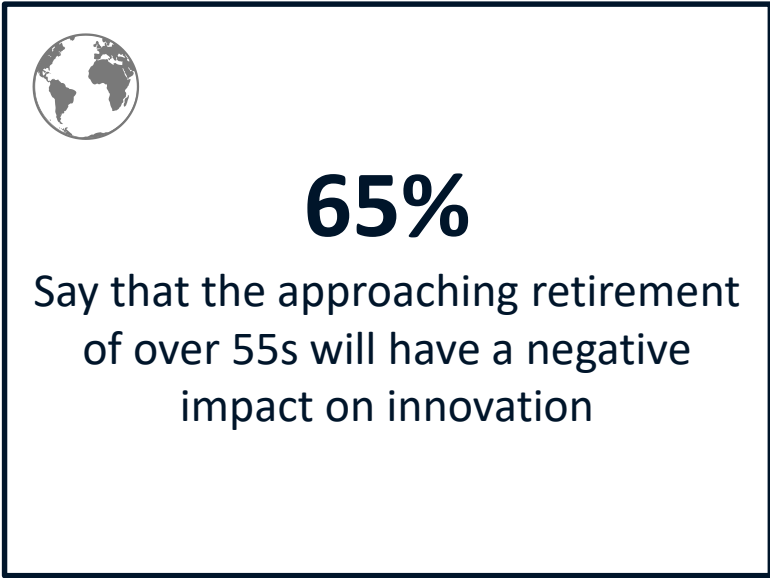
Q54. Which of the following changes have been made to your company's innovation strategy over the last 6 months? [NEW SEPT 2020 BE] Base: Global business executives
Sept 2020: 1,128 [Saudi Arabia: 101]

Business Executives fear for the future of innovation,
placing hope in innovation and economic recovery to
counter the risk of closing up



Over 7 in 10 Saudi Business Executives are concerned for the next generation of talent

In Jan 2020:



Q17. How much do you agree or disagree with the following statements? (NET Agree) [TRACKED BE] Base: Global business executives Jan 2020: 2,307 [Saudi Arabia: 100]

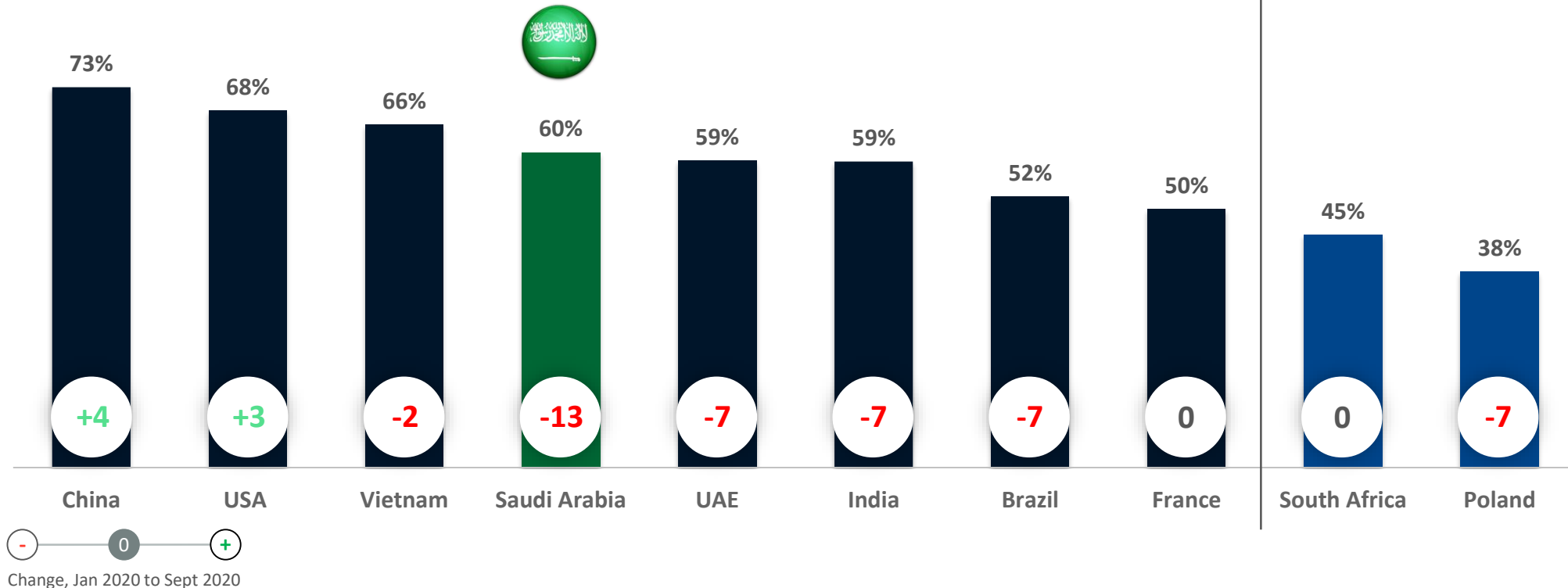


There has been a sharp fall in the belief that STEM students are being taught the necessary skills to drive innovation in Saudi Arabia

% Who believe STEM students in their country are being taught the right skills (Top 3 Box)

A majority (over 50%)

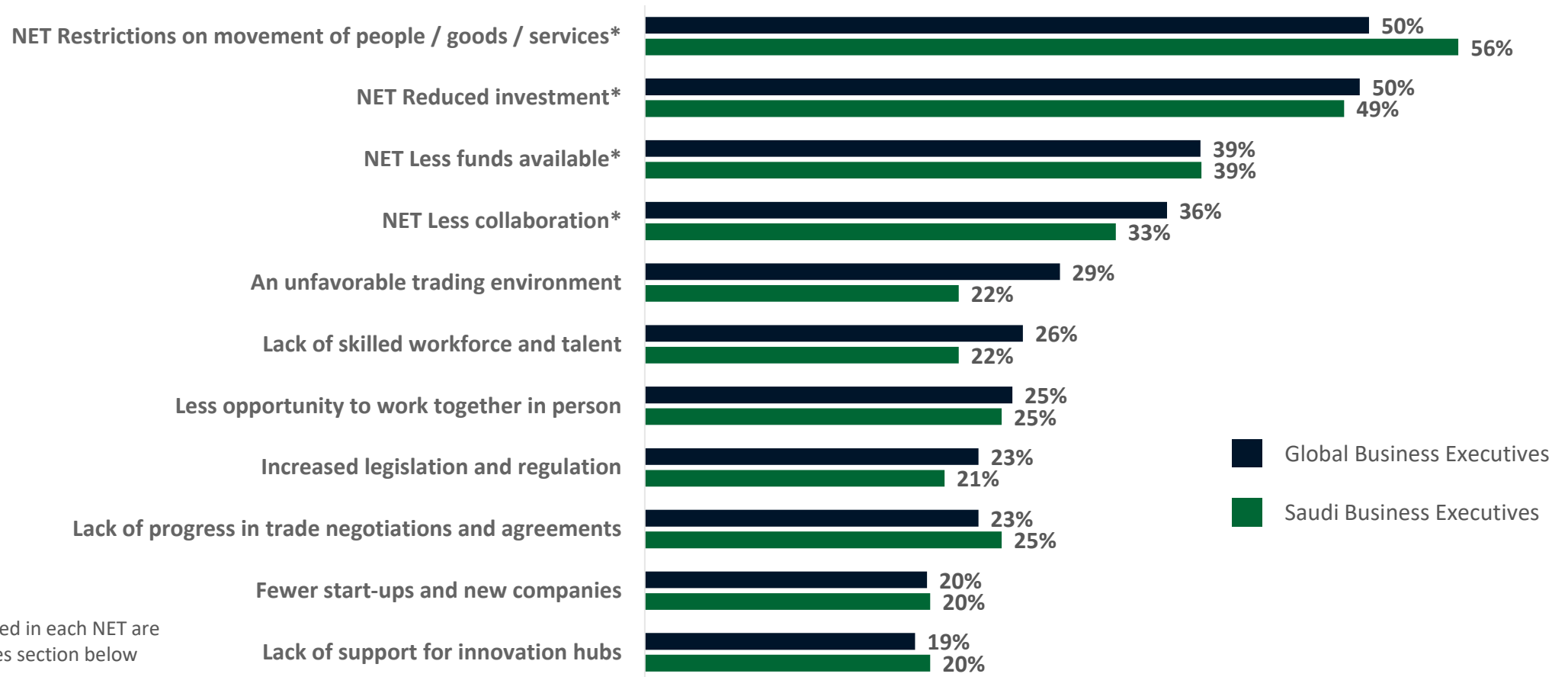
A minority (under 50%)



Q39. Thinking about recent STEM graduates that you see coming into your industry or your company how do you feel about the skills they have to drive innovation? (Top 3 Box) [NEW JAN 2020 BE] Base: Global business executives Jan 2020: 2,307 [Saudi Arabia: 100]; Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]

Restrictions on movement and reduced investment are major concerns for Saudi Business Executives

Sept 2020: % Who believe that each of the following is a major cause for concern regarding innovation progress



*Statements included in each NET are specified in the notes section below

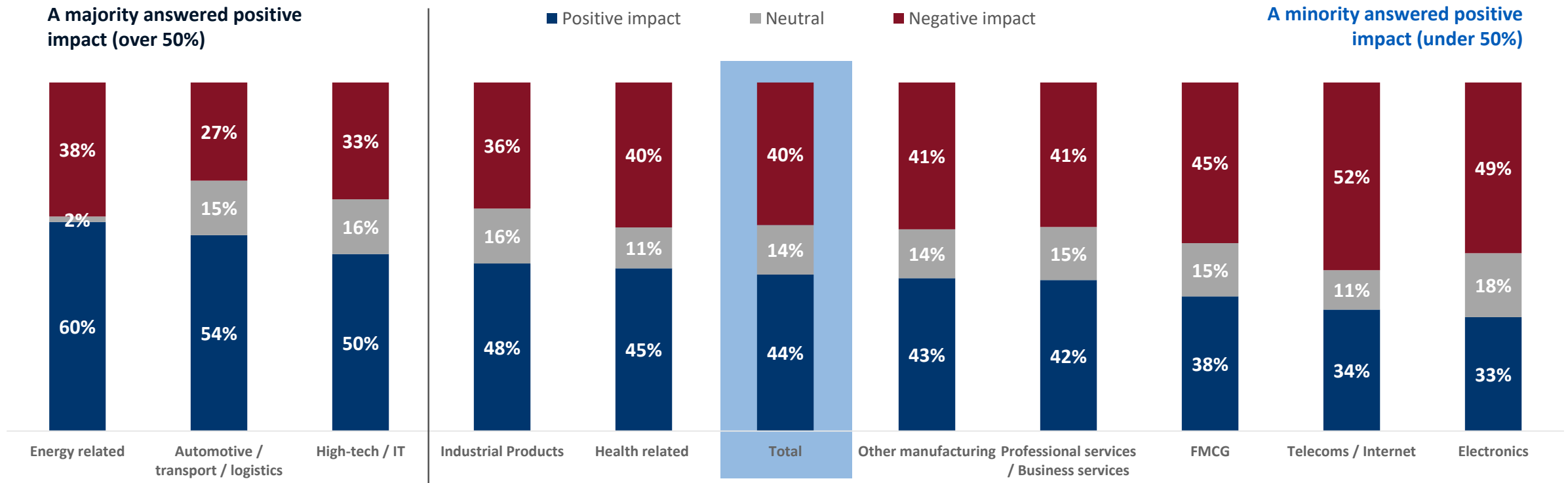


Q62. Thinking about the potential challenges to innovation progress that may lie ahead, which of the following, would you say are a major cause for concern? [NEW SEPT 2020 BE] Base: Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]



2 in 5 fear a negative impact on innovation budgets in the future, with concern particularly high in telecoms and electronics

Sept 2020: % Who say the global economic contraction caused by COVID-19 will have a positive vs. negative impact on innovation budgets in their industry over the next 2-3 years



N.B. Excludes respondents who answered "Don't know"



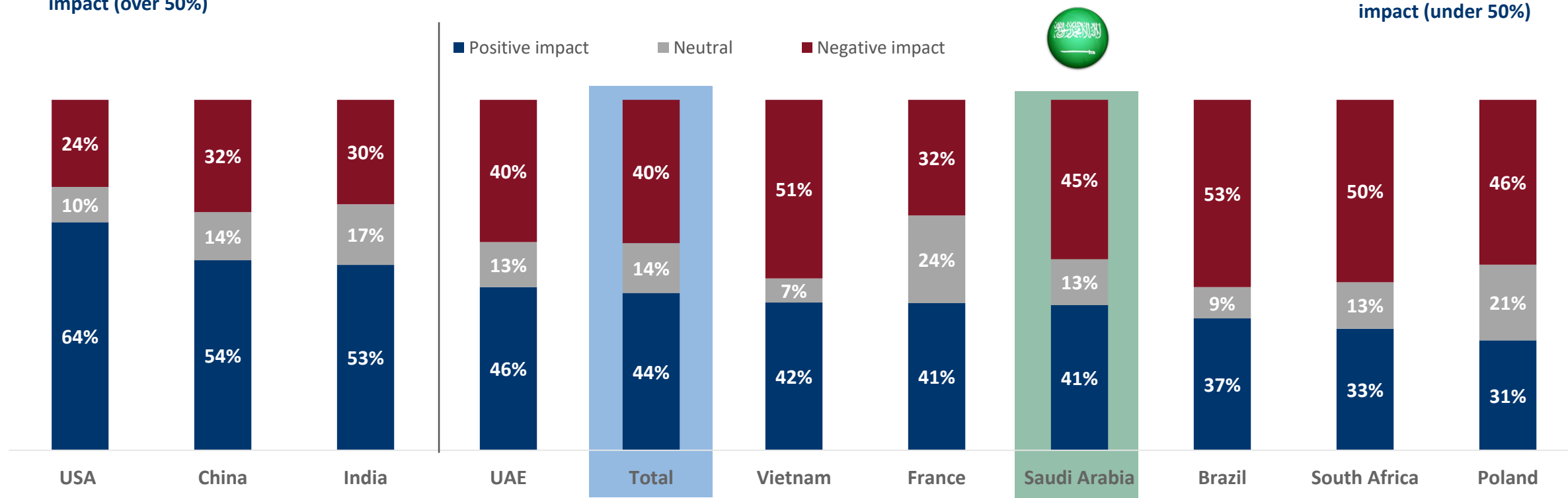
Q59. What impact do you think the global economic contraction caused by COVID-19 will have on innovation budgets in your industry over the next 2-3 years? (NET Positive impact) [NEW SEPT 2020 BE] Base: Global business executives Sept 2020: 1,128

Opinion in Saudi Arabia is split on the impact that COVID-19 will have on future innovation budgets

Sept 2020: % Who say the global economic contraction caused by COVID-19 will have a **positive vs. negative impact** on innovation budgets in their industry over the next 2-3 years

A majority says it will have a positive impact (over 50%)

A minority says it will have a positive impact (under 50%)



N.B. Excludes respondents who answered "Don't know"



Q59. What impact do you think the global economic contraction caused by COVID-19 will have on innovation budgets in your industry over the next 2-3 years? (NET Positive impact; NET Negative impact) [NEW SEPT 2020 BE] Base: Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]

Many are concerned for STEM students following the shift to remote learning since the pandemic

In Sept 2020:



Say **remote learning will prevent** STEM students from having a **holistic experience** of their field



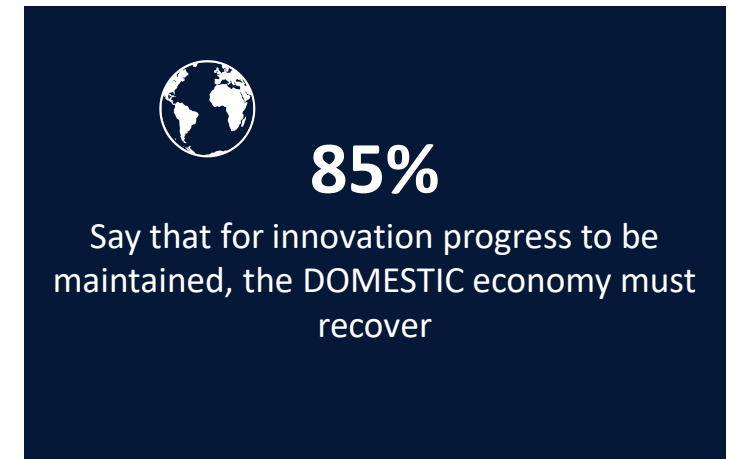
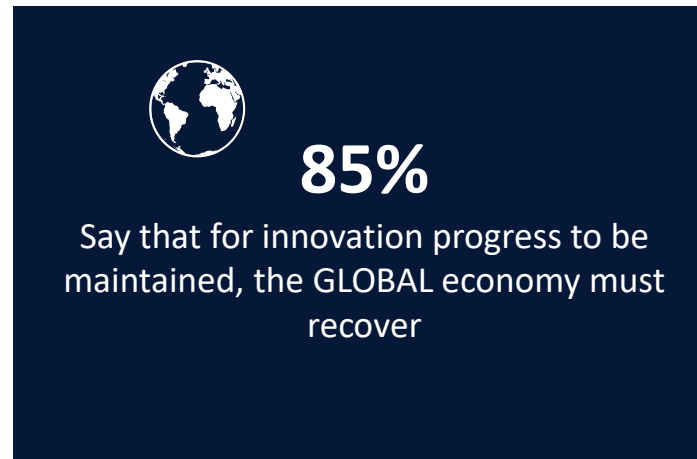
Say **face-to-face discussions are key** to facilitate innovation and creativity



Q56. Thinking about the impact COVID-19 will have on the educational sector, to what extent do you agree or disagree with the following statements? (NET Agree)
[NEW QUESTION SEPT 2020 BE] Base: Global business executives Sept 2020: 1,128 [Saudi Arabia: 101]

Vast majority of Saudi Business Executives say that for innovation to be maintained the Global and Domestic economies must recover

% Who agree with the following statements? (NET Agree)

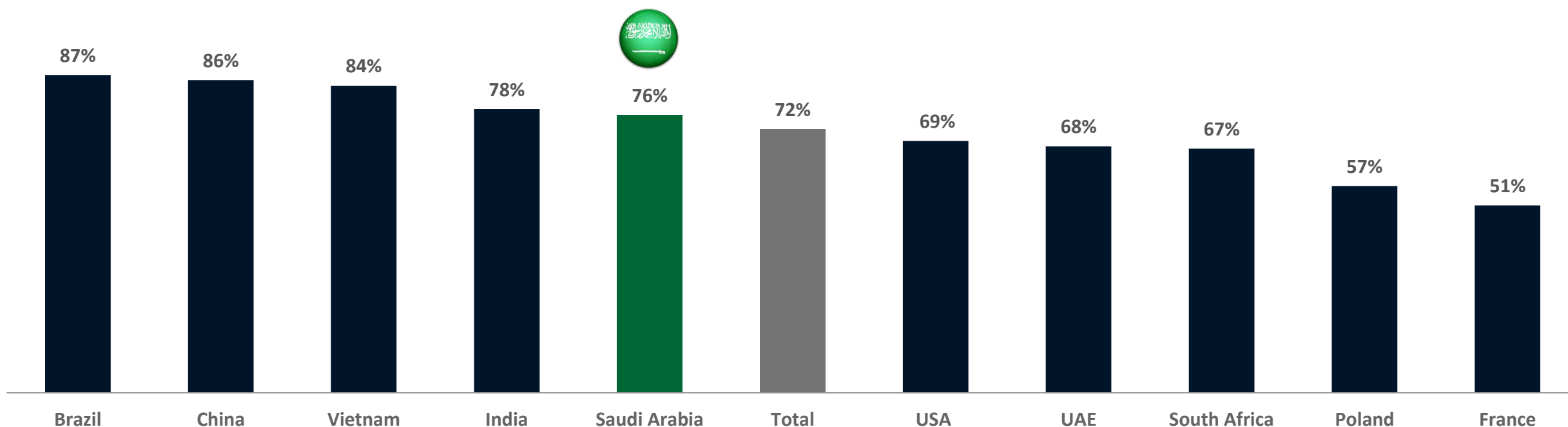


Business Executives know that AI is a catalyst for innovation, and an indispensable tool in the fight against COVID-19 and future pandemics



Three quarters of Saudi Business Executives recognise that innovations using AI and machine learning will be important post COVID-19

Sept 2020: % Who believe innovations using AI, Automation and Machine Learning will be important to their company in a “post-COVID-19 world” (Top 3 Box)



Q52. Thinking about Artificial Intelligence, Automation and Machine Learning, how important do you think innovations using AI, Automation and Machine Learning will be in a “post-COVID-19 world”? (Top 3 Box) [NEW SEPT 2020 BE] Base: Global business executives: 1,128 [Saudi Arabia: 101]

AI is seen as important to facilitate new innovations, improve the working experience and face the pandemic challenge

■ Global Business Executives

■ Saudi Business Executives

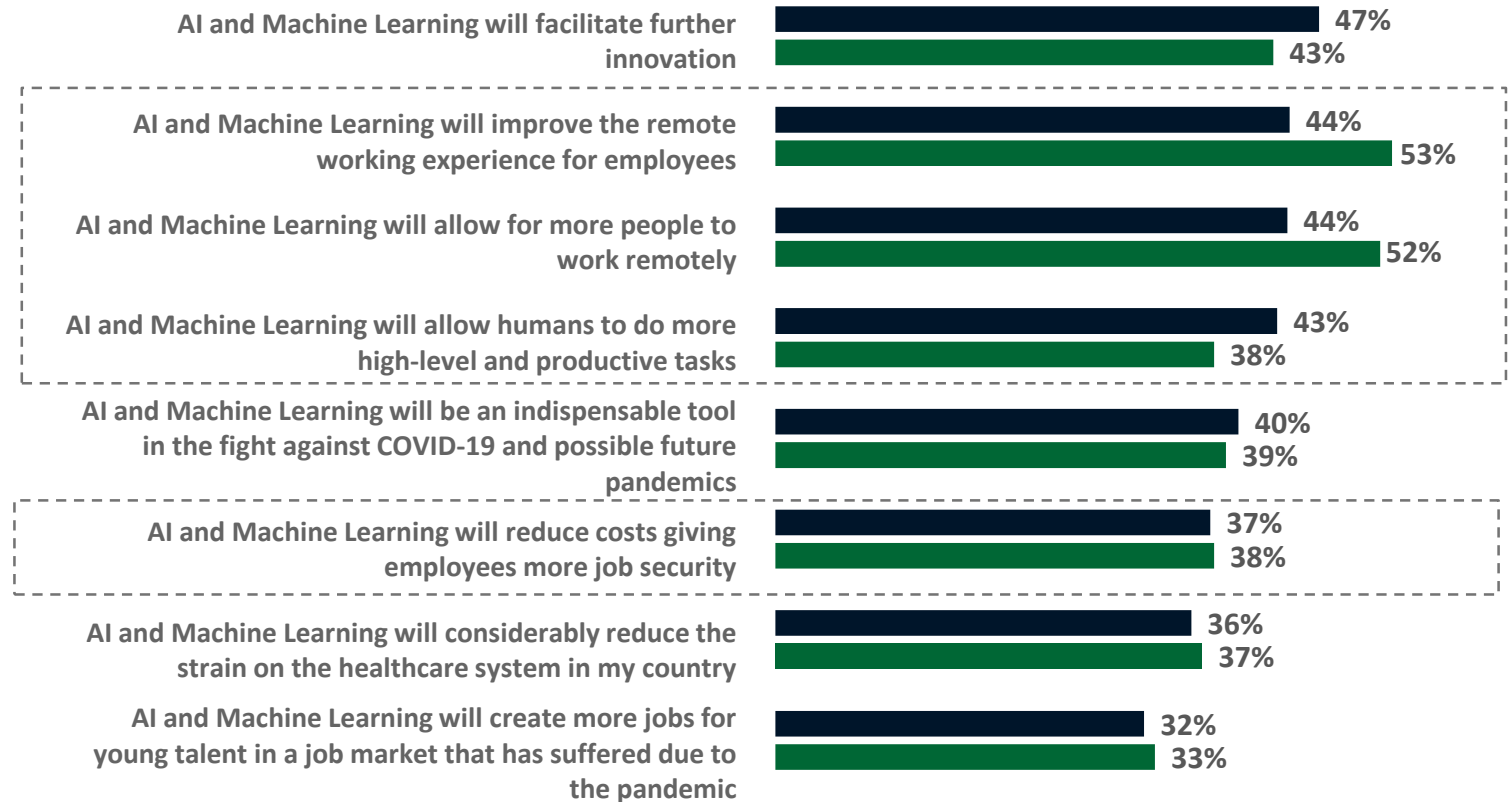
81%

Say AI and machine learning will be important because of its **benefits to the working experience (NET)**



89%

Sept 2020: % Who believe AI and Machine Learning will be important in a “post-COVID-19 world” for the following reasons



Q53. You said that Artificial Intelligence, Automation and Machine Learning will be important in a “post-COVID-19 world”. From the following reasons why do you think that?
[NEW SEPT 2020 BE] Base: Global business executives who said AI and Machine Learning will be important in a “post-COVID-19 world”: 1,066 [Saudi Arabia: 98]