



WORLD TRADE
ORGANIZATION

EXAMINING MSMEs' COMPOSITION AND PARTICIPATION IN INTERNATIONAL TRADE THROUGH META SURVEY DATA

MSME Research note #4



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EXAMINING MSMEs' COMPOSITION AND PARTICIPATION IN INTERNATIONAL TRADE THROUGH META SURVEY DATA

KEY MESSAGES

Based on survey findings, developing economies and LDCs tend to have a higher proportion of MSME Facebook users and a larger ratio of micro firms than developed economies. 91 per cent of Facebook users are MSMEs in LDCs compared to 83 per cent in developed economies.

Findings show a notable gender disparity among MSME owners. Of the survey population, 63 per cent of MSMEs were male-owned or managed compared to only 37 per cent women led.

Younger leaders of MSMEs are actively involved in international trade within the MSME sector, especially in certain regions. Africa has the youngest cohort, with 54 per cent of MSME Facebook users that conduct international trade being under 29 years old.

SUMMARY

Micro, Small, and Medium-sized Enterprises (MSMEs) play a vital role in the global economy and contribute significantly to international trade. However, their participation in trade is often hindered by various challenges and barriers. Drawing on data from Meta's March 2022 Future of Business (FoB) survey conducted in 103 economies with responses from 161,904 Facebook page admins, this research note aims to provide a detailed analysis of the demographic composition of these MSMEs and their trade dynamics across different regions and level of development, while considering factors such as gender and age. Additionally, it seeks to highlight the challenges faced by MSMEs of different sizes from various regions to engage in international trade. The findings indicate possible implications for policymakers, development agencies, and stakeholders interested in fostering MSME participation in global markets.

INTRODUCTION¹

Micro, small, and medium-sized enterprises (MSMEs), defined as firms employing less than 250 employees in this research note, are fundamental to the global economy and play a crucial role in driving international trade. They represent approximately 95 per cent of businesses and contribute over 70 per cent of employment in global markets, accounting for up to 40 per cent of national income (GDP) in emerging economies (ILO, 2019; WTO, 2020; World Bank, 2022). These enterprises contribute to the production of export-oriented goods and services, source goods and services inputs from foreign markets and engage in global value chains. However, despite their significance, MSMEs face numerous challenges and barriers to trade, with relatively few entering global markets directly, instead preferring indirect trade participation by supplying to larger domestic firms that then export abroad. Issues such as limited access to information, financial constraints, and other operational hurdles can make accessing international markets relatively more challenging for smaller firms. (WTO, 2016).

Despite the growing recognition of the crucial role played by MSMEs in international trade and the acknowledgement of the challenges they face (WTO, 2022b; WTO, 2022c), there remains a notable lack of thorough, international-level research on this subject matter. Few studies have been conducted to explore the intricate landscape of MSME trade across the globe and levels of development, resulting in significant gaps in the understanding of the global trade dynamics. Furthermore, there is a distinct lack of studies that effectively differentiate the specific challenges faced by MSMEs by region. Those studies that do look at MSME trade relative to large firms also tend to aggregate small and medium businesses together without differentiating MSMEs between micro, small and medium firms, which limits the ability to grasp the distinct experiences and challenges faced by MSMEs of different sizes, hindering the development of targeted policies and support mechanisms.

To bridge this gap, this research note leverages data from Meta's March 2022 Future of Business (FoB) survey, covering 103 economies at different levels of development (see Annex 1 for data and methodology details²). The primary objective of this research is to offer insights into the MSME landscape as characterized by Facebook page admins within the context of international trade. It aims to provide a deeper understanding of the demographic composition of MSME owners based on the population of Facebook users, including by age and gender, provide insight into the international trade dynamics of MSMEs, and explore the challenges and opportunities encountered by MSMEs in international trade across diverse geographical locations.

¹ The note was prepared by Emmanuelle Ganne, Kathryn Lundquist, and Xuting Zhou, Economic Research and Statistics Division of the WTO.

² The Meta Future of Business Survey uses weighted responses to represent the population of Small and Medium-Sized Businesses on Facebook. See Annex for more details.

This research note is the first in a two-part series to review MSME traders and MSME digitalization³. This series joins the OECD's SME and Entrepreneurship Outlook (2023) that used the same dataset to review MSMEs in OECD economies. Findings in this note are based on all 161,904 responses received from 31 developed economies, 55 developing economies and 17 least developed countries (LDCs) as defined by UNCTAD (more information on the survey and economies are available in Annex 1). The FoB survey is a cross-sectional survey of questions developed jointly with the World Bank and OECD to investigate impacts of current events. Unlike the OECD Trade by Enterprise Characteristics database that has information across years for MSMEs of select developed economies, or the World Bank Enterprise Surveys that are issued to only a sample of mostly developing economies in any given year, the FoB is a one-off survey issued to Facebook page admins in developed and developing economies as well as LDCs, thereby providing a broad sample of responses to varying questions tied to current events or specific research interests at a moment in time. Schneider notes that although "in particular countries we have a good sense of what the demographics of non-Facebook business leaders might be by industry, gender, or age [...] we do not have this data in most countries" and therefore the findings in this note are intended to be representative of the Facebook page admin population, for which Meta has a good understanding (2020) (See Annex 1). All findings refer to this Facebook user population with the understanding that there may be certain selection biases in those businesses that have a Facebook page, such as their capacities, resources, or owner demographics.

Past research on this topic has shown that MSMEs are less likely to trade than large firms and that MSMEs from developing economies trade even less than the relatively low amount that MSMEs in developed economies trade; that women and youth are more likely to find opportunities in smaller businesses; and that MSMEs face additional barriers to export including relatively higher trade costs and greater challenges accessing information (OECD, 2023; WTO, 2016a; WTO, 2020; WTO, 2022a; WTO, 2022b). However, going further in this research has been limited by the lack of granularity, geography and timeframe of the data collected. Meta's FoB survey provides additional demographic details across a broad range of economies, giving new comparable insights into MSMEs throughout the world in 2022.

The paper is organized into three main sections. The first section offers an exhaustive overview of the population of businesses included in this survey, examining the composition of MSMEs across regions, economies and level of development including characteristics of MSME owners such as age and gender. The second section delves into the engagement of MSMEs in international trade, shedding light on their participation across different regions based on business size. Furthermore, it explores the dimensions of age and gender. Finally, the last section discusses the challenges and barriers encountered by MSMEs in international trade, presenting the implications of the findings for policymakers and providing recommendations to support MSMEs in accessing new markets and expanding their business opportunities.

1. MSME DEMOGRAPHICS

1.1 MSMEs comprise the majority of businesses in every economy, but the size distribution varies.

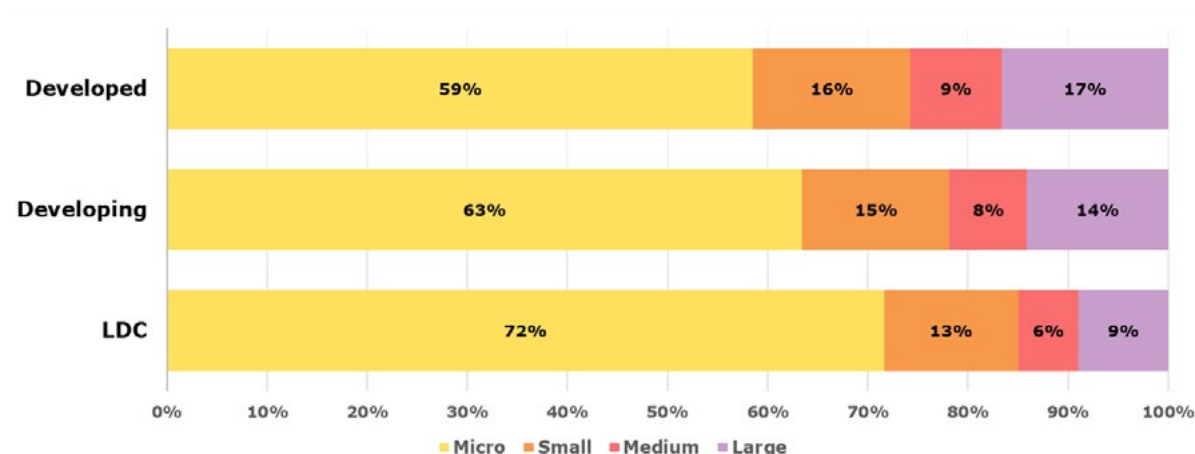
Results from Meta's March 2022 survey highlight notable differences in the distribution of business sizes across economies, regions, and level of development. The survey used eight different categories to classify the sizes of businesses, ranging from sole proprietorships to large corporations with 500 or more employees. This research note re-categorizes those classifications into micro-enterprises with less than 10 employees, small enterprises with 10 to 49 employees, medium-sized enterprises with 50 to 249 employees, and large enterprises as those with 250 or more employees.

Overall, MSMEs account for most Facebook businesses regardless of level of development. However, the share of MSME Facebook business users appears inversely linked to level of development, with the highest proportion of MSMEs on Facebook found in LDCs at 91 per cent of responding firms, followed by developing economies at 86 per cent, and developed economies at 83 per cent (see Figure 1).

The share of MSME Facebook business users appears inversely linked to level of development, with the highest proportion of MSMEs on Facebook found in LDCs.

3 See "Research Note 5, MSMEs and Digital Readiness through Meta Survey Data" for the second paper in this two-part research.

Figure 1: Distribution of Business Facebook User Sizes by Level of Development

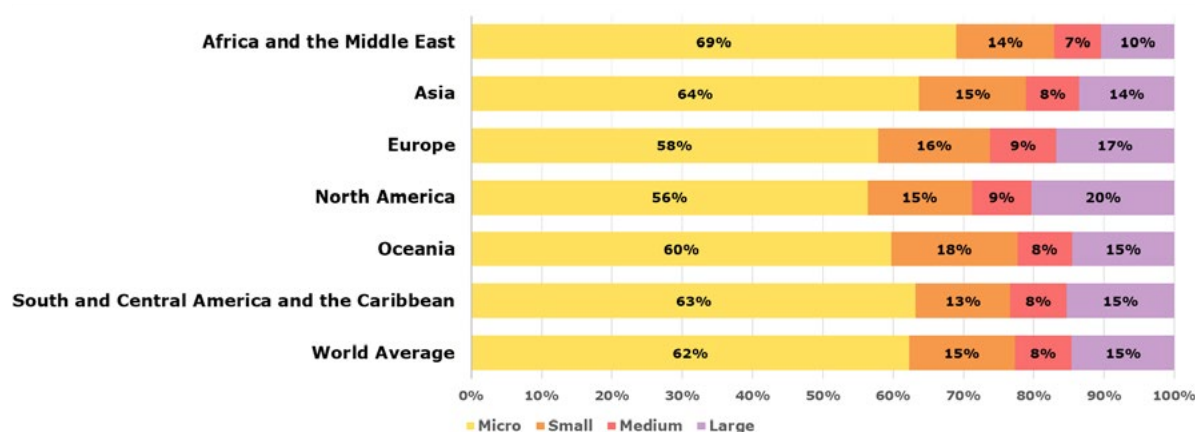


Source: Meta Future of Business survey, March 2022.

In terms of regional differences, Africa and the Middle East exhibit a relatively higher ratio of MSMEs as reported by Facebook users, which make up around 90 per cent of the total business landscape, with micro firms constituting the largest share at 69 per cent of businesses in the region. Similarly, Asia, South and Central America, and the Caribbean also exhibit a relatively higher percentage of micro firms on Facebook where they represent around 63 per cent of all firms surveyed. North America has the lowest ratio of MSME Facebook users at 80 per cent and the proportion of Micro firms was also comparatively lower at 56 per cent (see Figure 2).

Africa and the Middle East exhibit a relatively higher ratio of MSMEs as reported by Facebook users, which make up around 90 per cent of the total business landscape.

Figure 2: Distribution of Business Facebook User Sizes by Region



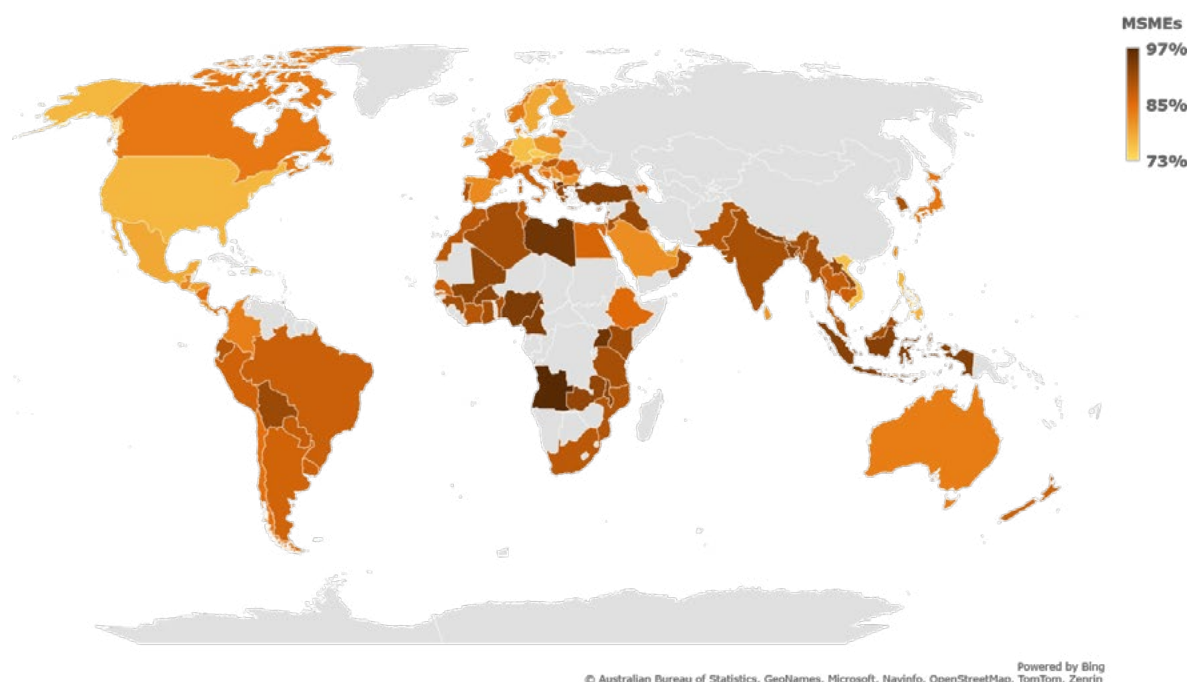
Source: Meta Future of Business survey, March 2022.

The distribution of business sizes exhibits variations across the surveyed economies. While MSMEs constitute over 95 per cent of all Facebook users in economies like Angola, Libya, Uganda, and Macedonia, they comprise less than 77 per cent of these businesses in economies such as Qatar, Czech Republic, Viet Nam, Germany, and the United States. Moreover, there are variations in the distribution of business sizes within the MSME category. For example, in Viet Nam, micro companies constitute only 47 per cent of the total number of Facebook page admins, while in Angola, they account for more than 86 per cent. Similarly, the proportion of small businesses also differs across economies. Azerbaijan, the United Arab Emirates, Norway, and Bosnia and Herzegovina have a higher percentage of small businesses, with more than 20 per cent, which is double the proportion observed in Zambia and Mozambique, where small businesses make up only 9 per cent of Facebook page admins. Additionally, in terms of medium-sized businesses, Lithuania and Qatar have a ratio above 15 per cent, which is significantly higher than the average proportion of 8 per cent (see Figures 3a and 3b).

Based on these findings, there is a pattern suggesting that developing economies and LDCs tend to have a higher proportion of MSME Facebook users and a larger ratio of micro firms than developed economies. Also, regionally, Africa and the Middle East, as well as Asia, exhibit a higher ratio of MSME Facebook users and a significant presence of micro firms. The findings indicate a higher prevalence of small-scale entrepreneurship in these regions, aligning with previous research showing that developing economies have a larger share of micro firms and SMEs due to the prevalence of small-scale agriculture and other labour-intensive sectors (Cabral and Mata, 2003; Yang and Chen, 2009).

There is a pattern suggesting that developing economies and LDCs tend to have a higher proportion of MSME Facebook users and a larger ratio of micro firms than developed economies.

Figure 3a. The Share of MSME Facebook Users, by Economy

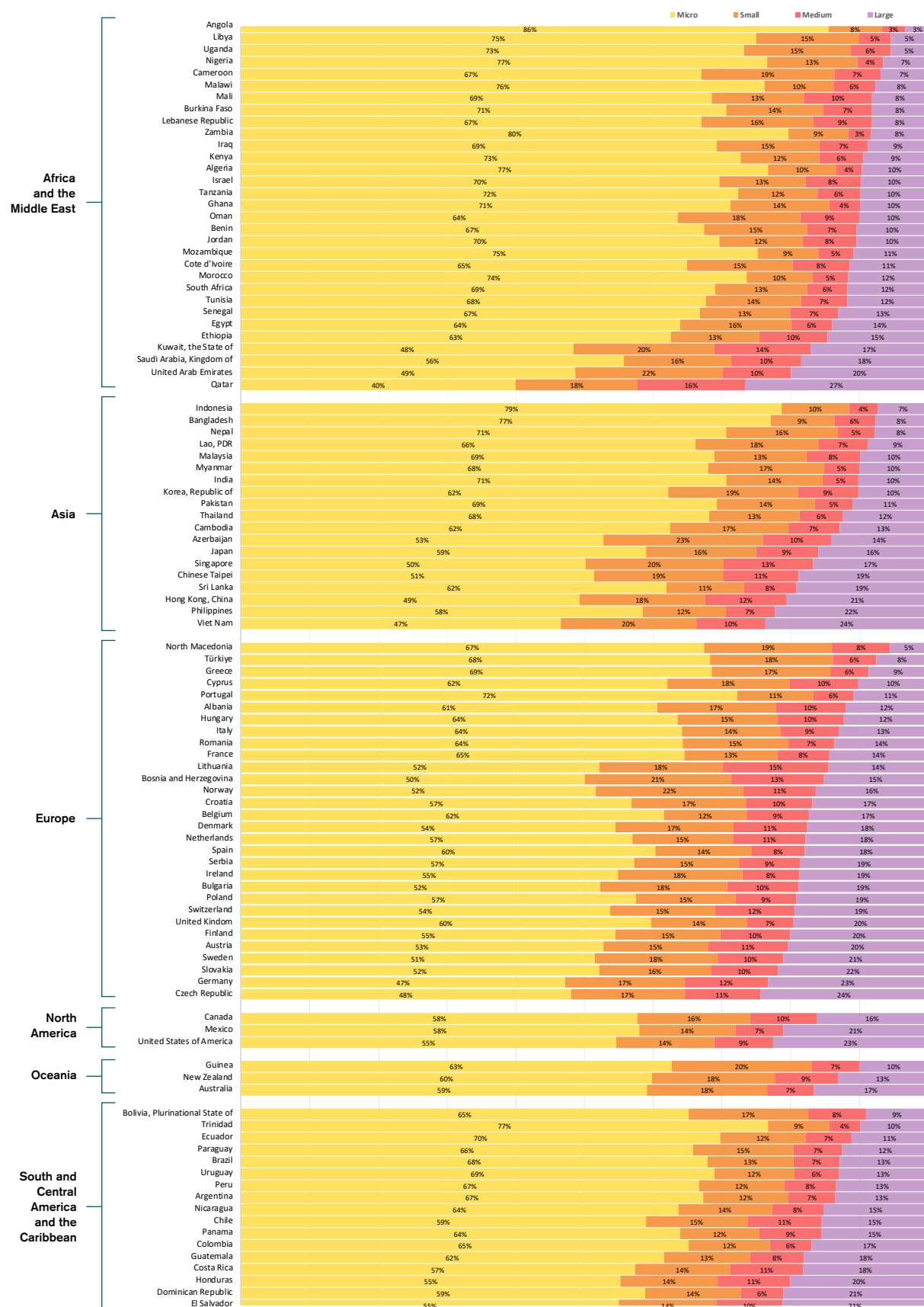


Source: Meta Future of Business survey, March 2022.

Note: The area in grey contains no available data. The geographic presentation is powered by Microsoft, with original sources from the Australian Bureau of statistics, GeoNames, Navinfo, OpenstreetMap, TomTom, and Zenrin⁴.

⁴ The information presented on the map in this research note, including boundaries, colours, and other details, does not indicate any judgment or endorsement regarding the legal status of any territory or the acceptance of such boundaries.

Figure 3b. Distribution of Business Facebook User Sizes by Surveyed Economies



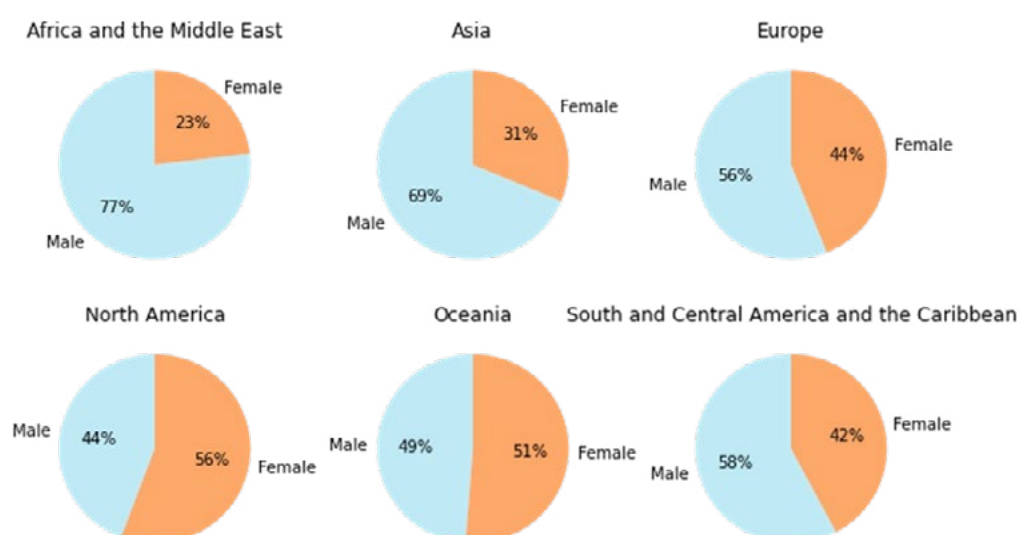
Source: Meta Future of Business survey, March 2022.

1.2 In most economies, the majority of MSMEs are male-owned.

Statistics from Meta's March 2022 survey emphasize a notable gender disparity among MSME owners. Of the survey population, 63 per cent of MSMEs were male-owned compared to only 37 per cent female-owned, a trend similar to World Economic Forum findings that showed slightly more than one third of all businesses are women-owned (WEF, 2022). This difference was seen across most regions, except for MSME owners in North America and Oceania, where female business ownership slightly surpassed that of males (see Figure 4), a reflection perhaps of the growing rate of female entrepreneurship documented in Australia and the United States (ASBFEO, 2022; WEF, 2022). The most pronounced disparities are observed in Africa and the Middle East, where women account for only 23 per cent of MSME business owners or managers. Asia also lags with female-owned businesses representing only 31 per cent of MSME Facebook users.

Statistics from Meta's March 2022 survey emphasize a notable gender disparity among MSME owners. Of the survey population, 63 per cent of MSMEs were male-owned compared to only 37 per cent female-owned.

Figure 4. Gender of MSME Facebook Users by Region

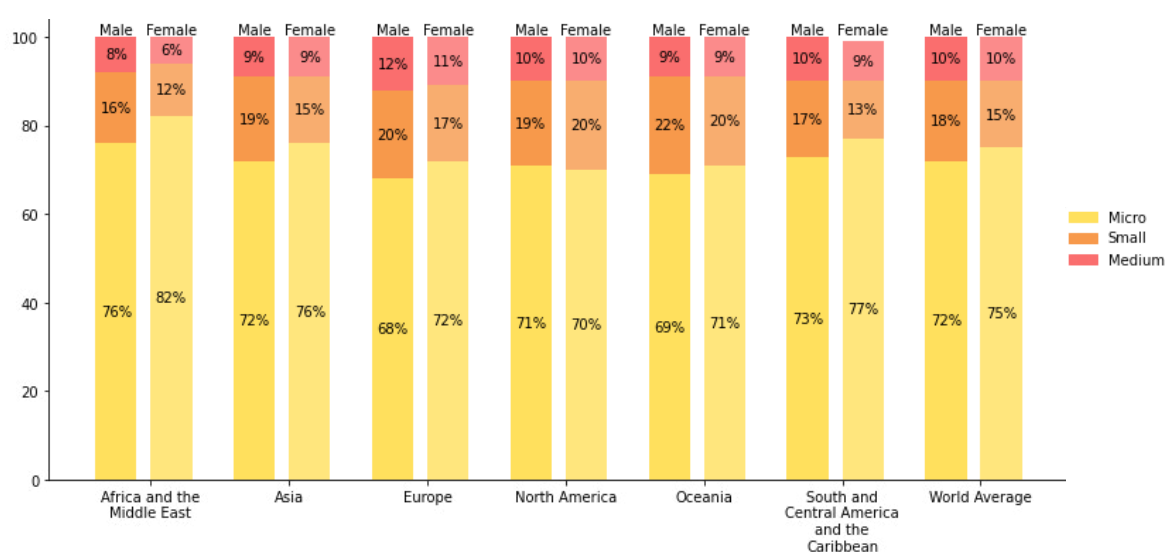


Source: Meta Future of Business survey, March 2022.

Those businesses that are women-owned also tend to be smaller businesses, a trend that is remarkably similar across regions. On average, 75 per cent of women-owned businesses are categorized as micro businesses, slightly higher than the percentage held by men (72 per cent). This difference is more pronounced in Africa and the Middle East, where 82 per cent of MSMEs owned by women are micro firms, 6 percentage points higher compared to those owned by men (76 per cent). (see Figure 5). The findings are consistent with previous studies by the IFC (2011) that found female entrepreneurship is concentrated in micro firms and by the ILO (2015) that women entrepreneurs are more likely to be self-employed in the informal economy. More recently the 2023 GEM report found that globally, over one-third of women are “solopreneurs” compared to only one quarter of men (GEM, 2023).

Those businesses that are women-owned also tend to be smaller businesses.

Figure 5. Distribution of MSME Facebook Users by Gender



Source: Meta Future of Business survey, March 2022.

2. ENGAGEMENT OF MSMEs IN INTERNATIONAL TRADE

2.1 The share of MSME trade participation varies by level of development, with smaller firms in LDCs trading most.

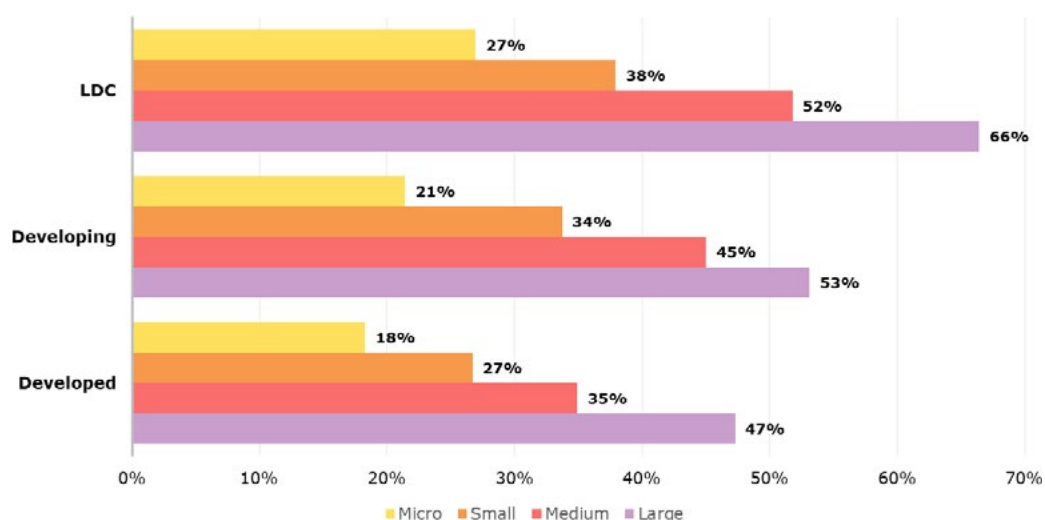
Overall, 24 per cent of MSMEs reported engaging in international trade, indicating that international trade is not yet widespread among MSMEs globally, leaving significant potential for growth and expansion in this area⁵. The percentage of businesses involved in trade generally increases with the size of the business across all levels of development, suggesting that larger MSMEs are more likely to participate in trade compared to smaller ones (see Figure 6).

This finding aligns with previous studies conducted by the World Trade Organization (WTO) in 2016 and 2022, which have identified a positive relationship between the size of firms and their trade involvement. Across all levels of development, LDCs exhibit the highest share of MSMEs engaged in international trade with 27 per cent of micro firms, 38 per cent of small firms, and 52 per cent of medium-sized firms trading internationally, followed by developing economies with shares by size of the enterprise between 4-6 percentage points lower (21 per cent, 34 per cent and 45 per cent respectively) and then developed economies with significantly lower shares of reported MSME traders (18 per cent, 27 per cent and 35 per cent). The observation is consistent with previous studies that show LDCs have a higher share of direct exports in total sales compared to most developing economies (WTO, 2016). Two possible explanations for the higher propensity of LDC MSMEs to trade are access to Duty-Free Quota-Free (DFQF) treatment granted by most developed economies and even a growing number of developing economies (UN, n.d.), as well as the low level of domestic demand within their own economies, which can lead businesses to seek customers abroad.

24 per cent of MSMEs reported engaging in international trade.

⁵ This finding is similar to the OECD Entrepreneurship Outlook which notes 80 per cent of micro firms do not engage directly in international trade (2023).

Figure 6. Facebook Users Having Responded “Yes” to the Question “Is your business engaged in international trade?”, by Level of Development



Survey question: Is your business engaged in international trade? (Answer = Yes)

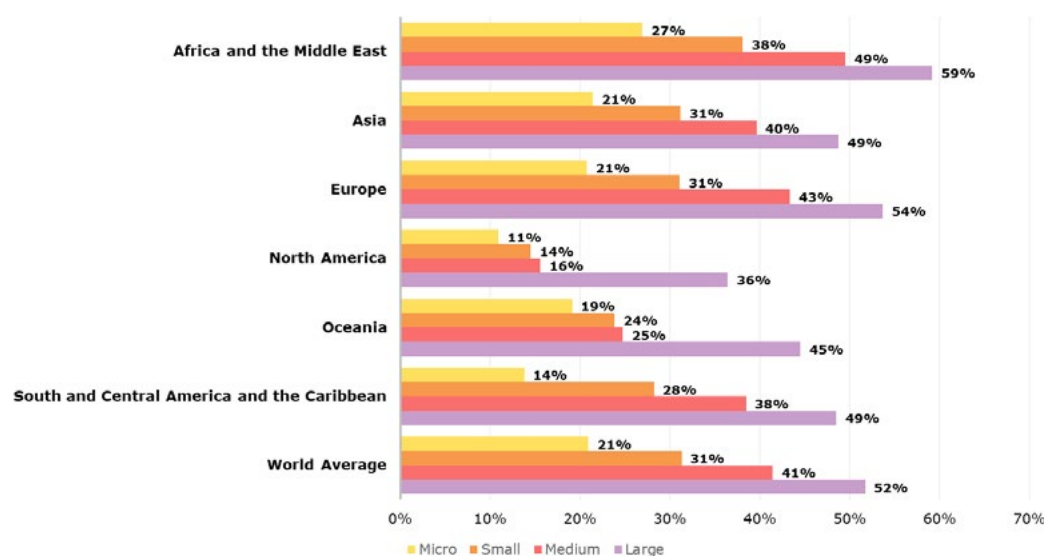
Note: The number represents the percentage of businesses answering “yes” to the question within the indicated business size by level of development

Source: Meta Future of Business survey, March 2022

An analysis, by business size, of the companies that reported engaging in international trade shows that Africa and the Middle East stand out with the highest percentage of MSMEs engaged in international trade at 30 per cent. Asia, Europe, and Oceania follow closely behind with trade engagement rates around 25 per cent. In contrast, North America reports the lowest percentage, with only 13 per cent of MSMEs participating in international trade. When comparing micro firms specifically, those in Africa and the Middle East show an above-average engagement rate at 27 per cent, followed by Asia at 21 per cent (see Figure 7).

Africa and the Middle East stand out with the highest percentage of MSMEs engaged in international trade at 30 per cent.

Figure 7. Facebook Users Having Responded “Yes” to the Question “Is your business engaged in international trade?”, by Region



Survey question: Is your business engaged in international trade? (Answer = Yes)

Note: The number represents the percentage of businesses answering “yes” to the question within the indicated business size by region

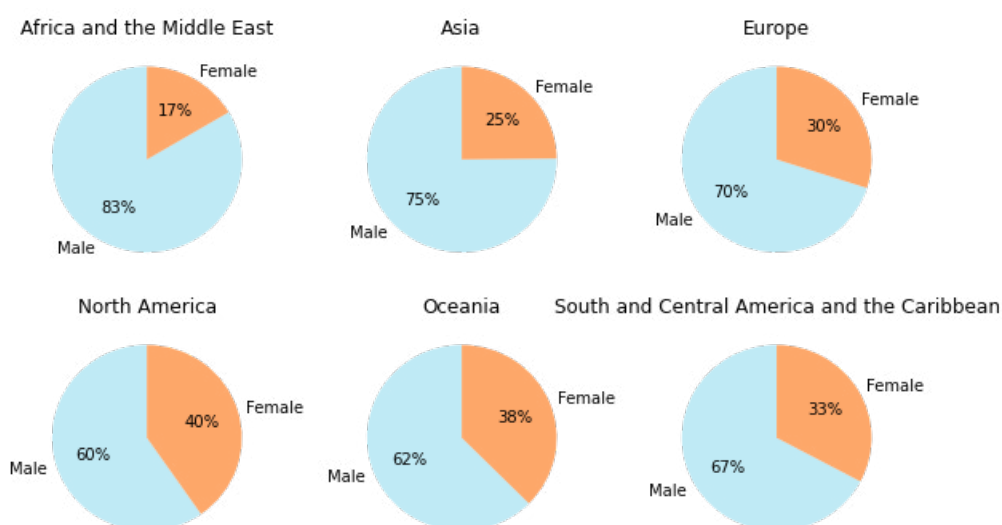
Source: Meta Future of Business survey, March 2022.

2.2 Trade by women-led MSMEs lags female business ownership rates

Just as MSMEs are more likely to be led by men, the results also highlight a clear underrepresentation of female led MSMEs in international trade across all regions. Among the subset of all MSME owners or managers who responded that they engage in international trade, less than 26 per cent are female, lower than the percentage of women owned MSMEs which stood at 37 per cent of businesses on average. Even in regions where the number of female MSME owners is relatively higher than males, such as North America and Oceania, the share is at most only 40 per cent (see Figure 8).

The results also highlight a clear underrepresentation of female led MSMEs in international trade across all regions.

Figure 8. MSME Facebook Users Engaging in Trade, by Gender and Region



Survey question: Is your business engaged in international trade? (Answer = Yes)

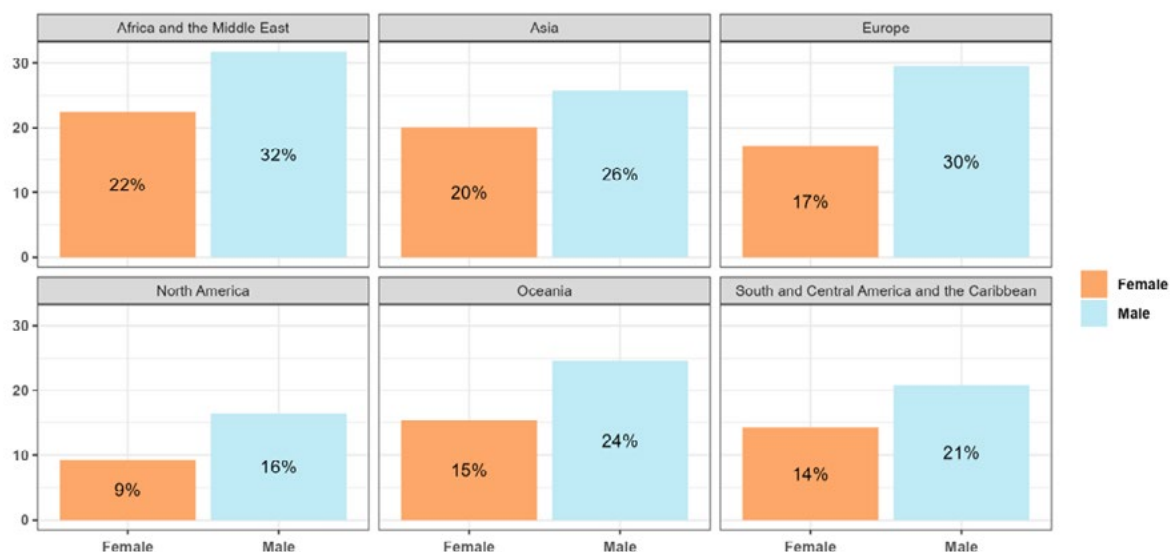
Source: Meta Future of Business survey, March 2022.

Based on the responses to the question, “Is your business engaged in international trade?”, the data reveal a notable disparity among female MSME owners or managers. Only 17 per cent of female entrepreneurs reported involvement in international trade, in contrast to an average of 28 per cent among their male counterparts. In North America, the percentage of female led MSME Facebook users who are involved in international trade is particularly low, at just 9 per cent, compared to 16 per cent for males. Similarly, in Europe, female representation in international trade stands at 17 per cent, significantly lower than the 30 per cent of male led MSME Facebook users. This pattern persists across other regions including Asia, Oceania, and South and Central America, where the participation of female led MSMEs in international trade lags behind that of their male counterparts (see Figure 9)⁶.

The data reveal a notable disparity among female MSME owners or managers. Only 17 per cent of female entrepreneurs reported involvement in international trade, in contrast to an average of 28 per cent among their male counterparts.

⁶ Findings by the OECD based on the same Facebook survey similarly indicate the greater propensity for men led firms to export, where 19 per cent of men led and 11 per cent of women led firms export (OECD, 2023).

Figure 9. MSME Facebook Users that Responded “Yes” to the Question “Is your business engaged in international trade?”, by Gender and Region



Survey question: Is your business engaged in international trade? (Answer = Yes)

Note: The number represents the percentage of MSMEs answering “yes” to the question within the indicated gender group in the region.

Source: Meta Future of Business survey, March 2022.

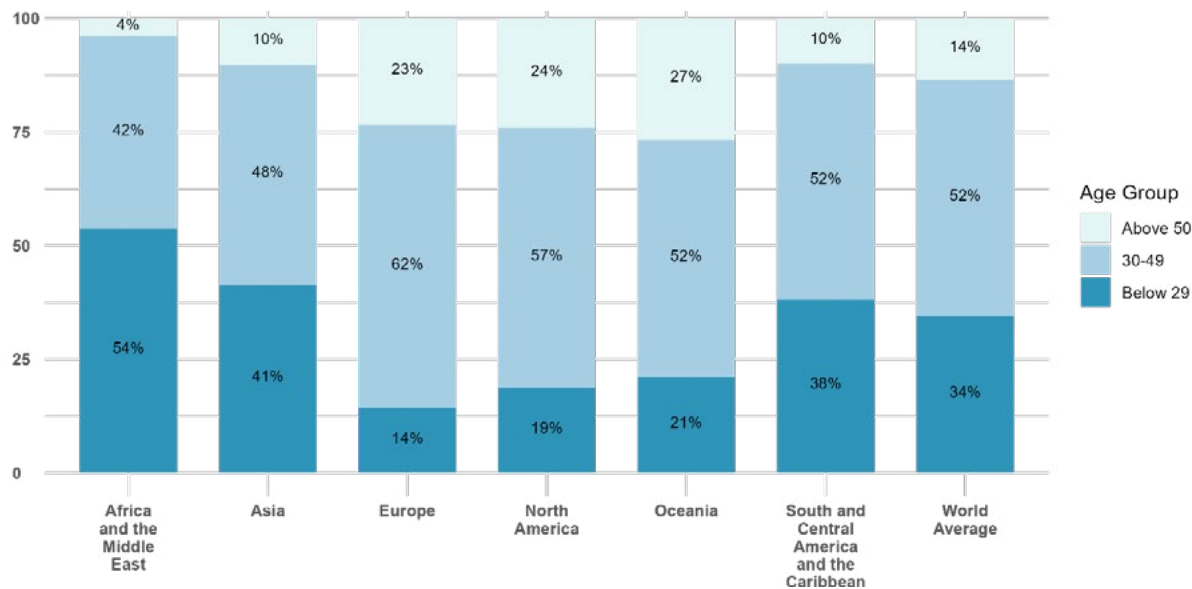
The findings highlight the persistent gender disparity and the need for continued support and opportunities to empower female entrepreneurs to participate and thrive in international trade. Ongoing efforts at a national policy level to support women entrepreneurs through fostering access to finance, training and capacity building, and facilitating access to government procurement (der Boghossian, 2019 and 2023). Importantly, recent GEM research also indicates that women entrepreneurs, although less prevalent than men entrepreneurs, are still active in international markets with 43 per cent from Latin America and the Caribbean and 41 per cent from Europe serving global markets (GEM, 2023). This further indicates that efforts should continue towards increasing business internationalization by women led firms.

2.3 Younger MSME leaders tend to have higher engagement in international trade.

The distribution of age among MSME Facebook users engaging in international trade tends to skew towards a relatively younger age cohort, suggesting that younger leaders of MSMEs are actively involved in international trade within the MSME sector, especially in certain regions. Africa has the youngest cohort, with 54 per cent of MSME Facebook users that conduct international trade being under 29 years old (compared to a world average of 28 per cent of trading MSME Facebook users being under 29) and 96 per cent of all trading African MSME Facebook users are under 49 years old (see Figure 10). This compares with 52% of all African MSME Facebook users being less than 29 years old (globally only 32 per cent), indicating a much higher rate of trade among this particular African demographic of MSME Facebook user.

Younger leaders of MSMEs are actively involved in international trade within the MSME sector, especially in certain regions. Africa has the youngest cohort, with 54 per cent of MSME Facebook users that conduct international trade being under 29 years old.

Figure 10. Age of MSME Facebook Users Engaged in International Trade, by Region



Survey question: Is your business engaged in international trade? (Answer = Yes)
Source: Meta Future of Business survey, March 2022.

However, it is important to note that the age distribution can vary depending on the local demographics of MSMEs in a specific region or economy. For instance, Africa is known to have the youngest population globally, with reports from the OECD indicating that young people (aged under 30) make up more than half of the population in the Middle East and North Africa (MENA) region, in contrast to 36 per cent of the population in OECD Members (OECD, 2022). In addition, it is possible that younger MSME owners are more likely to be on social media and therefore comprise a greater share of the population of Facebook users.

Regardless, there is significant opportunity to support more equitable and inclusive trade through youth participation. A 2024 policy brief by Hafsham et al. (2024) indicates “young women and men stand to benefit from trade” including from the more stable and skilled employment for women that it represents and the fact that youth often have the digital skills most desired by trading firms, but that youth are often left out of important decision-making processes. The policy brief recommends inclusive trade policy development through consultation, collection of age-disaggregated data, and providing technical support.

The findings emphasize the potential of young entrepreneurs in developing regions to drive international trade and underscores the importance of creating an enabling environment for their participation in global markets. By fostering a supportive ecosystem for entrepreneurs of all ages, policymakers and stakeholders can promote a vibrant and inclusive landscape for international trade for MSME leaders of all ages.

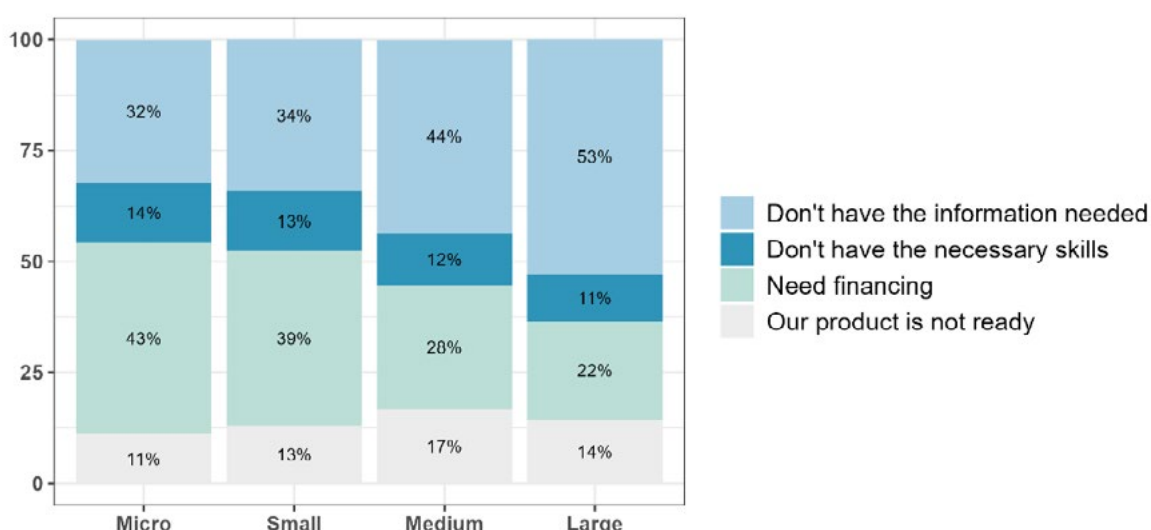
3. CHALLENGES FACED BY MSMES IN INTERNATIONAL TRADE

3.1 The top two barriers to international trade are limited access to information and a lack of sufficient financing.

The survey reports several reasons why businesses of different sizes are not engaged in international trade, including the lack of necessary information, the need for financing, product readiness, and the absence of necessary skills. The top barrier reported by MSME Facebook users is the need for financing. This barrier is particularly relevant for micro and small businesses, with 43 per cent and 39 per cent of businesses in these categories, respectively, expressing concerns about securing adequate financing. Medium-sized and large business Facebook users also recognize the importance of financing, but to a relatively lesser extent. Another common barrier to trading internationally is the lack of necessary information. This obstacle is particularly pronounced among large business Facebook users, with over half of the responses citing it as a hindrance. While micro, small, and medium-sized business Facebook users also acknowledge this challenge, the percentage of citing a lack of information is slightly lower (see Figure 11).

The top barrier reported by MSME Facebook users is the need for financing.

Figure 11. The Top Reasons Given by Facebook Users for not Engaging in International Trade, by Firm Size

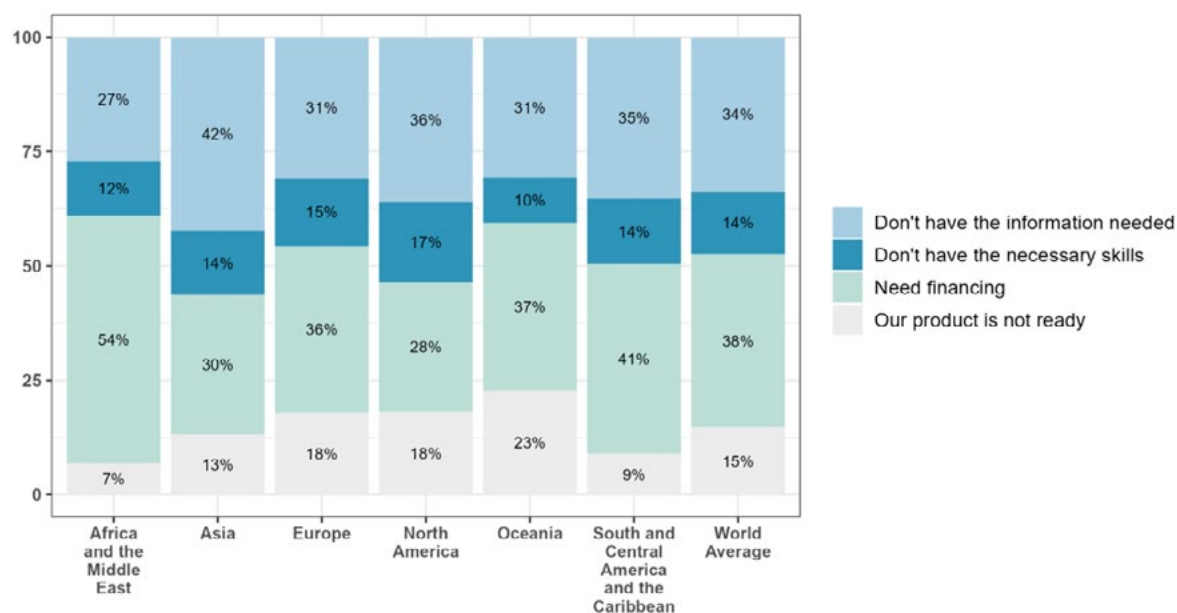


Survey question: Has this business considered selling goods or services in other countries? (Answer: Yes, but our product is not ready; Yes, but we do not have the necessary skills; Yes, but we don't have the information needed; Yes, but we would need financing)

Note: The number represents the percentage of business of the indicated size selecting the challenge option. The figure focuses only on the responses from those who have considered international trade but have not already done so. The two other responses, which are "No, but for a reason not listed here" and "No, our product is not suited for export" are removed.

The most reported challenges for MSMEs vary by region. In Africa and the Middle East, Europe, Oceania, South and Central America, and the Caribbean, the most frequently cited reason is the need for financing whereas in Asia and North America, the lack of necessary information is the primary barrier reported by MSME Facebook users (see Figure 12).

Figure 12. The Top Reasons Given by MSME Facebook Users for not Engaging in International Trade, by Region



Survey question: Has this business considered selling goods or services in other countries? (Answer: Yes, but our product is not ready; Yes, but we do not have the necessary skills; Yes, but we don't have the information needed; Yes, but we would need financing)

Note: The number represents the percentage of MSMEs of the indicated region selecting the challenge option. The figure focuses only on the responses from those who have considered international trade but have not already done so. The two other responses, which are "No, but for a reason not listed here" and "No, our product is not suited for export" are removed.

Source: Meta Future of Business survey, March 2022.

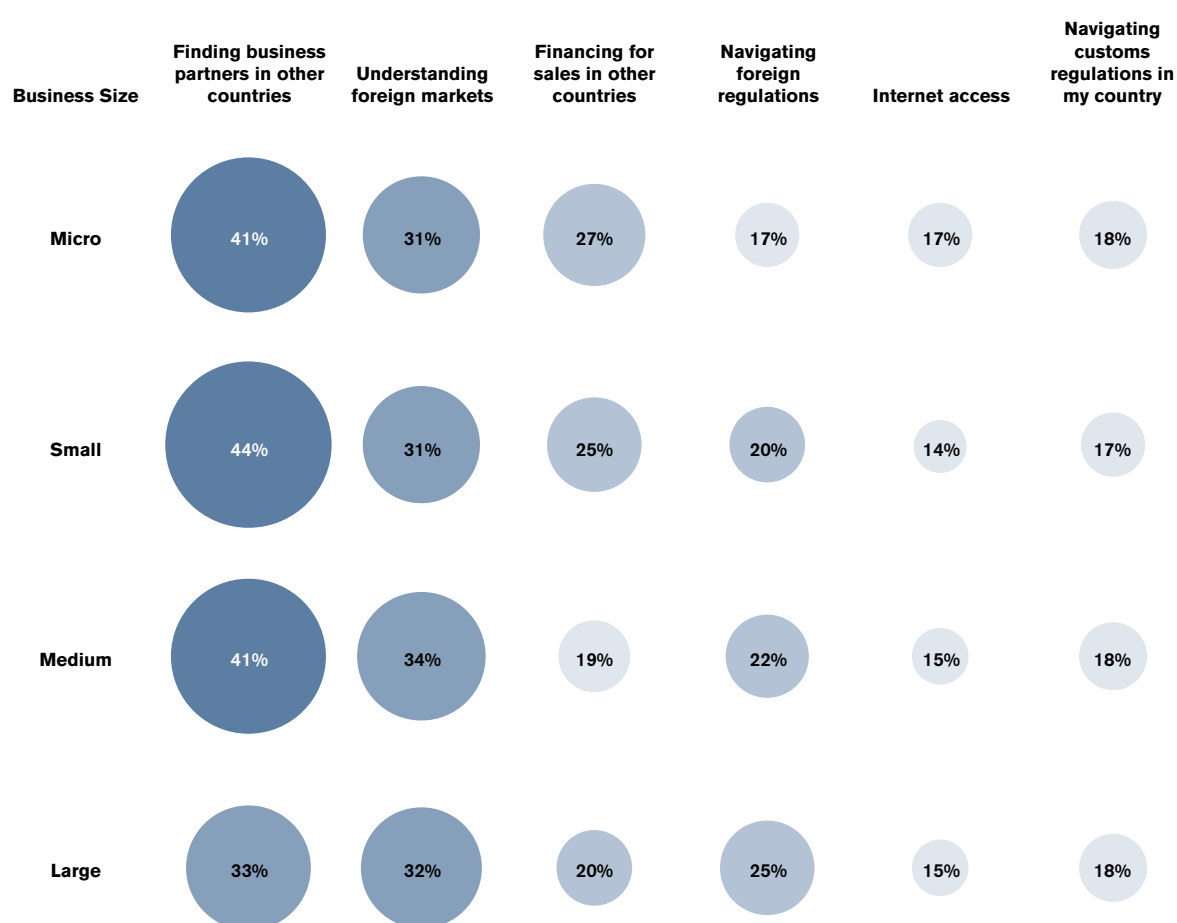
3.2 The top two challenges reported by MSME exporters are finding business partners and understanding foreign markets.

Previous studies have shown that MSMEs experience lower levels of participation in international trade compared to large firms, due to persistent barriers such as limited access to information and a lack of sufficient financing (WTO, 2016; OECD, 2021). To better understand the current challenges faced by MSMEs who have already begun to trade internationally, the survey asked respondents to identify the most significant obstacles they encounter when selling in other countries. These challenges are classified into 6 categories, including finding business partners in other countries, understanding foreign markets, securing financing for sales in other countries, navigating foreign regulations, ensuring internet access, and dealing with customs regulations in their own economy.

Among all the responses received, the challenge of finding business partners in other countries stands out as the most significant hurdle, reported by 41 per cent of all micro business Facebook users, 44 per cent of small business Facebook users, and 41 per cent of medium-sized business Facebook users. The challenge of understanding foreign markets is the second most reported challenge among MSMEs, addressed by 31 per cent of micro and small business Facebook users, 34 per cent of medium-sized business Facebook users, and 32 per cent of large business Facebook users. Additionally, financing for sales is the third most mentioned barrier, particularly for micro and small enterprise Facebook users (see Table 1).

The challenge of finding business partners in other countries stands out as the most significant hurdle, reported by 41 per cent of all micro business Facebook users, 44 per cent of small business Facebook users, and 41 per cent of medium-sized business Facebook users. The challenge of understanding foreign markets is the second most reported challenge among MSMEs.

Table 1. Challenges Reported by Facebook Users Engaging in International Trade



Survey question: What are the most important challenges your business currently faces to selling in other countries? (Select up to 2 answers)

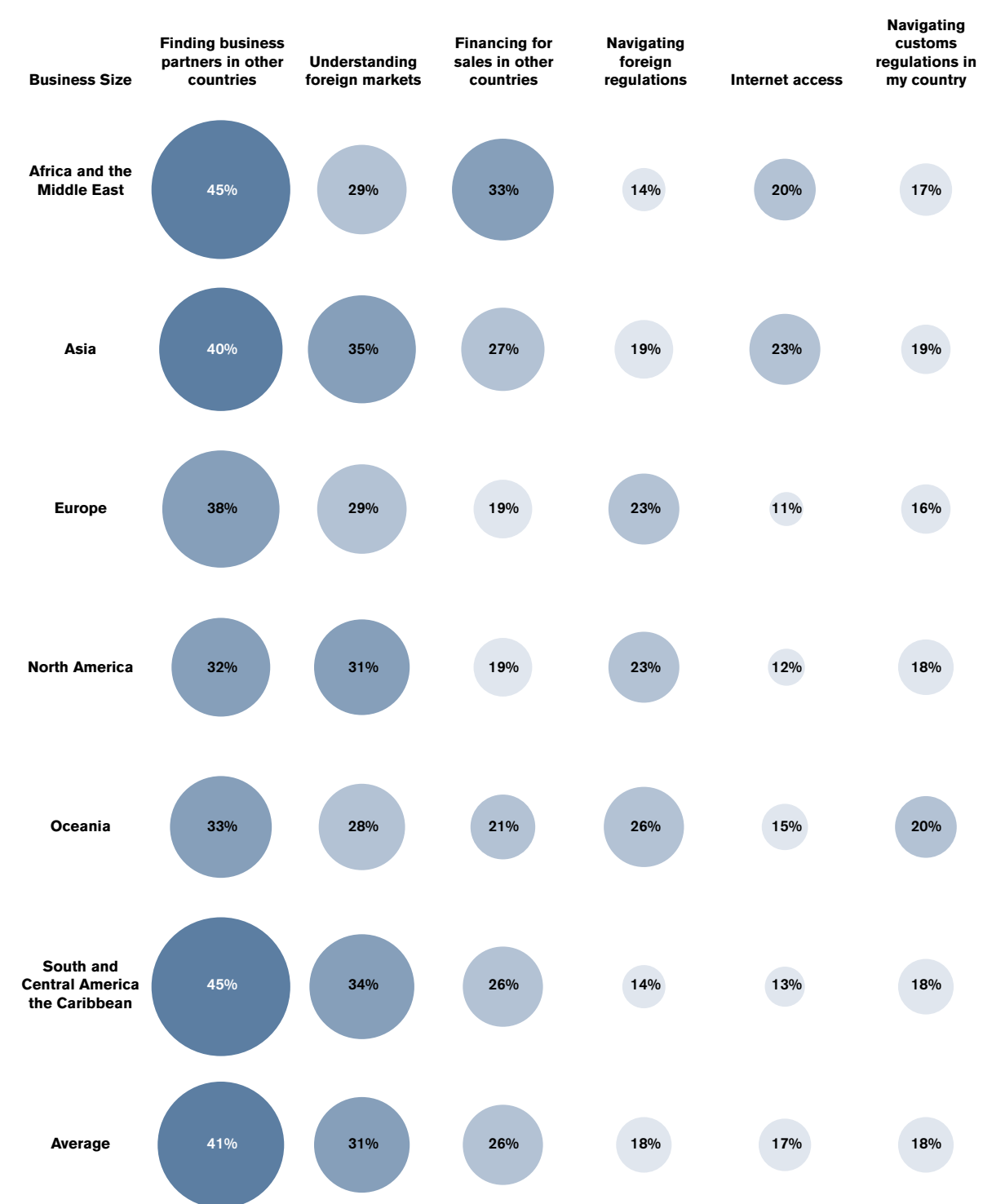
Note: The cell represents the percentage of business of the indicated size selecting the challenge option. The figures do not add up to 100 per cent because respondents were allowed to select up to two answers. **Source:** Meta Future of Business survey, March 2022.

Regional differences are also evident in the reported challenges faced by MSME Facebook users (see Table 2). While finding business partners in foreign markets is the most mentioned challenge across all regions, it is particularly significant in the Africa and the Middle East and South and Central America and the Caribbean regions: 45 per cent of MSME Facebook users consider finding business partners in other countries as the most significant challenge. This suggests that MSME exporters in these regions face notable difficulty in establishing partnerships and collaborations with potential business counterparts in foreign markets. The second most important challenge for exporting MSME Facebook users is understanding foreign markets, which holds true especially for Asia, South and Central America and the Caribbean. These difficulties are closely connected to the previous barrier mentioned, which is limited access to information since MSMEs rely on information sources such as industry databases, trade directories, and online platforms to identify potential business partners or suppliers in foreign markets as well as navigate regulatory rules to ensure compliance with the laws and regulations of the target market.

45 per cent of MSME Facebook users consider finding business partners in other countries as the most significant challenge.

In addition to the challenges related to establishing business relationships and gaining market insights in foreign markets, it is crucial to address the issue of internet access, especially in regions like Asia, Africa, and the Middle East. The data reveal that a notable percentage of MSMEs in these regions, specifically 23 per cent in Asia and 20 per cent in Africa and the Middle East, reported difficulties in accessing the internet. This percentage is higher compared to North America and Europe, where only 12 per cent of MSMEs faced similar challenges. This lack of digital connectivity can further impede their ability to leverage digital platforms and resources, as well as participate in global value chains (GVCs), particularly for small businesses in developing countries (Lanz, R. et al., 2018). These findings highlight the need for policies aimed at enhancing digital infrastructure and capacity building in digital trade.

Table 2. Challenges Reported by MSME Facebook Users Engaged in International Trade, by Region



Survey question: What are the most important challenges your business currently faces to selling in other countries? (Select up to 2 answers)

Note: The cell represents the percentage of MSMEs of the indicated region selecting the challenge option. The figures do not add up to 100 per cent because respondents were allowed to select up to two answers.

Source: Meta Future of Business survey, March 2022.

The challenges identified by different demographics of MSME Facebook users engaged in international trade vary slightly. Although finding business partners in other countries and understanding foreign markets led as the top two issues no matter how the data were reviewed, be it by level of development, age or gender of the MSME Facebook users, the third listed challenges provide some insights and surprises. When looked at from a developed versus developing or LDC perspective, financing comes as the third greatest challenge in developing economies and LDCs, whereas navigating foreign regulations is a larger concern in developed economies. When looking at challenges by age of the business leader, two differences emerge. First, MSME Facebook users that were younger than 30 noted financing as a top concern, while older leaders tended to note this less. Second, internet access was a leading challenge for both owners above 50 years old, as well as for the younger demographic, whereas MSME Facebook users between 30-49 listed this challenge the least. Lastly of note, and counter to findings that women find it more difficult to access finance (WTO, 2020), male led MSME Facebook users in international trade noted financing as the third greatest challenge while women led Facebook business users put this issue after navigating foreign and domestic regulations, indicating that access to information may be an even more pressing challenge for trade (see Annex 2 on Challenges Reported by age, gender and economic development of the business location of the MSME leader). This is not to indicate that access to finance is not as great an issue for women led MSMEs than it is for men, rather that there are additional urgent issues that also concern women led enterprises. In fact, the Covid-19 pandemic further reduced women's access to finance (der Boghossian and Bahri, 2023) and a 2022 GEM Survey found that financing problems were a leading cause for women led businesses to exit the market (GEM, 2023).

Financing comes as the third greatest challenge in developing economies and LDCs, whereas navigating foreign regulations is a larger concern in developed economies.

POLICY RECOMMENDATIONS AND CONCLUSION

Regional variations in terms of MSME Facebook user composition, gender representation, and international trade dynamics highlight the need for tailored policy solutions. Based on the findings presented in this report, several key policy recommendations can help address identified challenges and promote the engagement of MSMEs in international trade. These recommendations aim to foster inclusive and sustainable trade participation while targeting specific issues highlighted in the research.

It is crucial to address the financing challenges faced by MSMEs. Insufficient access to finance often hinders their ability to engage in international trade.

First, it is crucial to address the financing challenges faced by MSMEs. Insufficient access to finance often hinders their ability to engage in international trade in the first place (WTO, 2019). Numerous programs have been put in place by international organizations, the International Finance Corporation (IFC), regional development banks and national governments. However, access to finance remains a key challenge for many MSMEs. To catalyse further action, the World Trade Board published a Financial Inclusion in Trade Roadmap in early 2023 which contains various recommendations

to guide policy action. Various support programs and initiatives address the specific needs and challenges faced by MSMEs from developing economies and LDCs. For example, the Aid for Trade initiative is an effective mechanism that supports developing economies, particularly LDCs, in enhancing their trade capacities and financing when engaging in global markets. The Enhanced Integrated Framework (EIF), as an Aid for Trade program, specifically targets LDCs and aims to assist them in utilizing trade as a driver for sustainable development, poverty reduction, and economic growth.

In addition to access to finance, obtaining necessary information and finding suitable business partners in foreign markets are prominent challenges faced by MSME exporters. Measures aimed to promote the establishment of formal and informal networks, utilize business matchmaking platforms, and organize trade missions to facilitate connections between MSMEs and potential partners can prove useful (Bonthonneau, P, 2019; D'Allonnes, T, 2021; Go, E, 2018). Notable examples of social networks specifically for businesses include ConnectAmericas and the Asia-Pacific Economic Cooperation (APEC) MSME Marketplace, which offer platforms for businesses to connect with regional and global clients, suppliers, and investors. Trade support institutions and initiatives, such as the International Trade Centre (ITC) and WTO Informal Working Group on Micro, Small and Medium-sized Enterprises (MSMEs), also play a crucial role in supporting MSMEs in international trade by identifying areas that can be addressed by trade policy as well as fostering dialogue between MSMEs and stakeholders. In particular, the Trade4MSMEs⁷ website provides detailed guides and resources for businesses, policymakers, and researchers to obtain key trade information. It also hosts a trade game⁸ to help businesses and stakeholders navigate the complexities of international trade. The Global Trade Helpdesk⁹, a joint ITC-UNCTAD-WTO platform that provides market intelligence, is also a valuable source of information for MSMEs wishing to trade internationally. Following the 2023 G20 Jaipur call for action, the Global Trade Helpdesk has also received additional support to use new technological tools like AI to bridge information gaps and to increase the scale of the platform.

Encouraging international trade can serve as a catalyst to enhance gender equality and women's involvement in economic activities (WTO and World Bank, 2020). Given the underrepresentation of female led MSMEs in international trade, it is critical to implement policies that address barriers like access to finance and biases faced by women entrepreneurs. This can involve providing targeted training and mentorship programs for women and facilitating gender-responsive trade policies that empower the participation of women-owned businesses. Such initiatives include the WTO's Trade and Gender Informal Working Group and related research, which aims to promote equality in trade-related activities. Additionally, work is being done on gender-responsive trade policies including collection of sex-disaggregated trade data, inclusion of gender provisions in trade agreements and evaluation of policies for impact assessments (der Boghossian, 2023). Meanwhile, recognizing the higher engagement of younger leaders of MSMEs in international trade, policies could foster an enabling environment that nurtures entrepreneurship among young individuals. This can include providing entrepreneurship education and training, access to mentorship and networking opportunities, and creating supportive policies that encourage youth led MSMEs to participate in global trade (UNCTAD, 2015).

Encouraging international trade can serve as a catalyst to enhance gender equality and women's involvement in economic activities.

It is important to recognize that there is no "one size fits all" approach when it comes to formulating policies to support MSMEs in international trade. Given the diverse nature of MSMEs and the variations in regional contexts, policy interventions should be designed with careful consideration of demographic and regional differences.

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The findings in this research note emphasize the importance of improving access to information and finance for MSMEs, as these are key barriers hindering their involvement in international trade. Additionally, the underrepresentation of women-led MSMEs and the higher engagement of younger leaders in trade underscore the need for gender-responsive and youth-focused policies. Collaborative methods and supportive measures can facilitate the involvement of MSMEs in trade, such as establishing business networks, fostering partnerships, and promoting entrepreneurship education. Furthermore, international trade policy interventions for inclusiveness by policymakers should consider the diverse characteristics and regional variations of MSMEs to ensure effective support.

By addressing these challenges and implementing tailored policies, economies can unlock the potential of MSMEs; promote inclusive trade participation; and contribute to sustainable economic growth. Supporting MSMEs in international trade not only benefits individual businesses but also drives overall economic resilience and prosperity.

⁷ Trade4MSMEs Website: <https://trade4msmes.org/>

⁸ The Trade Game: <https://game.trade4msmes.org/>

⁹ The Global Trade Helpdesk website: <https://globaltradehelpdesk.org/en>

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ANNEX 1

Data Description: Meta's Future of Business Survey¹⁰

This research note uses the Future of Business (FoB) survey, which was carried out through Meta's "Data for Good" initiative¹¹ in collaboration with the World Bank and the Organisation for Economic Cooperation and Development (OECD) from 2017-2022. The World Bank and OECD used Meta's Small Business Surveys extensively for research on the impacts of Covid-19, e-commerce and MSME digitalization but not explicitly for trade research (see, for example Goldstein et al. 2022; OECD 2023; OECD 2021a; OECD 2021b; OECD/European Commission 2021; OECD 2019. A full list of research using various Meta Small Business Surveys is available from the Data for Good webpage). The data are from the March 2022 edition of the FoB survey, which contains more questions related to international trade compared to previous waves and enables analysis disaggregated by factors such as gender and age. Furthermore, the data distinguish and examine the digitalization trends specifically within the context of international trade.

The March 2022 FoB survey received responses from 103 economies with a total sample size of 161,904 participants, covering all levels of development from least developed countries (LDCs) to developing and developed economies (see Table 3 for classification for all surveyed economies). To ensure no duplicate respondents, invited participants become ineligible for another survey for a period of up to six months whether or not a response was given. The economy with the highest number of survey responses was India, with 3,623 participants, and the economy with the lowest number of survey responses was Panama, with 362 participants.

Data for this paper are aggregated and weighted from survey responses of Facebook Page admins for Small and Medium-Sized Businesses (SMBs) and general Facebook Populations (Schneider, 2020). Survey-level non-response weights are constructed with a significant amount of insight into the Facebook Page admin population and give representative insights into the Facebook Page admin population. However, given that the survey respondents are Facebook Page administrators who recognize themselves as business owners or managers, it is important to acknowledge the potential presence of possible biases, particularly in digital usage ratios: the survey data may predominantly reflect the experiences and perspectives of individuals who are active users of digital technologies, especially social media platforms. It is essential to consider this limitation when interpreting the survey findings and generalizing them to the wider MSME landscape. Additionally, the findings are not intended to be representative of the entire business population in each economy.

Annex Table 1: Level of Development Based on UNCTAD Classification

Level of Development	Economies
Least-developed countries (LDCs)	Angola; Bangladesh; Benin; Burkina Faso; Cambodia; Ethiopia; Guinea; Lao PDR; Malawi; Mali; Mozambique; Myanmar; Nepal; Senegal; Tanzania; Uganda; Zambia
Developing Economies	Albania; Algeria; Argentina; Azerbaijan; Bolivia, Plurinational State of; Bosnia and Herzegovina; Cameroon; Chile; Colombia; Costa Rica; Cote d'Ivoire; Croatia; Cyprus; Czech Republic; Dominican Republic; Ecuador; Egypt; El Salvador; Ghana; Guatemala; Honduras; Hong Kong, China; India; Indonesia; Iraq; Jordan; Kenya; Kuwait, the State of; Lebanese Republic; Libya; North Macedonia; Malaysia; Mexico; Morocco; Nicaragua; Nigeria; Oman; Pakistan; Panama; Paraguay; Peru; Philippines; Qatar; Saudi Arabia, Kingdom of; Serbia; South Africa; Sri Lanka; Chinese Taipei; Thailand; Trinidad; Tunisia; Türkiye; United Arab Emirates; Uruguay; Viet Nam
Developed Economies	Australia; Austria; Belgium; Brazil; Bulgaria; Canada; Denmark; Finland; France; Germany; Greece; Hungary; Ireland; Israel; Italy; Japan; Korea, Republic of; Lithuania; Netherlands; New Zealand; Norway; Poland; Portugal; Romania; Singapore; Slovakia; Spain; Sweden; Switzerland; United Kingdom; United States of America

Source: World Bank Enterprise Surveys

¹⁰ Schneider (2020). Future of Business Survey Methodology Note. November 2, 2020.

¹¹ Meta «Data for Good» initiative: <https://dataforgood.facebook.com/dfg/tools>

ANNEX 2

Challenges Reported by Age, Gender and Economic Level of Development of the Location of the MSME Facebook User

	Understanding foreign markets	Navigating foreign regulations	Navigating customs regulations in my country	Internet access	Finding business partners in other countries	Financing for sales in other countries
Age						
> 29	29%	17%	18%	20%	41%	25%
30-49	32%	23%	20%	11%	44%	21%
50+	20%	20%	11%	20%	36%	13%
Gender						
Female	30%	23%	21%	13%	42%	19%
Male	31%	21%	18%	14%	44%	22%
Level of Development						
Developed	27%	23%	18%	9%	40%	14%
Developing	31%	19%	19%	15%	45%	25%
LDC	31%	16%	19%	23%	43%	30%

Survey question: What are the most important challenges your business currently faces to selling in other countries? (Select up to 2 answers)

Note: The cell represents the percentage of MSMEs of the indicated region selecting the challenge option. The figures do not add up to 100 per cent because respondents were allowed to select up to two answers.

Source: Meta Future of Business survey, March 2022.

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