WORLD TRADE ORGANIZATION

EXAMINING MSMEs AND DIGITAL READINESS THROUGH META SURVEY DATA

MSME Research note #5

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KEY MESSAGES

Use of one or more digital platforms in addition to Facebook is high among all MSME Facebook users at 87 per cent across all regions. However, variation by level of development indicate continued differences in access to digital technologies.

Women-owned or managed MSMEs using Facebook have a higher level of engagement with digital platforms. On average, 89 per cent of female-owned or managed MSME Facebook users and 86 per cent of male-owned or managed MSMEs use digital platforms for their businesses.

Micro and small business Facebook users put advertising as their top reason for using digital platforms, while medium and large businesses prioritize communication. Among MSME Facebook users involved in international trade, the sale or purchase of goods or services is a primary reason for using digital platforms.

SUMMARY

Digitalization is important for increasing both domestic and international trade and improving MSME access to international markets (Lopez et al. 2023; Añón Higón and Bovin, 2023). 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 provides insights into the digital readiness of these MSMEs, highlighting variations in digital adoption across region, gender, and business size. It presents the main purposes of digital platform use among businesses, such as advertising and communication, and the challenges faced by MSMEs to use these tools, including a lack of technical skills and associated fees for platform use. The data reveal that MSME Facebook users, particularly in LDCs and developing economies, use digital platforms less than larger businesses. Regionally, MSMEs in Africa, the Middle East, and Asia also show lower use of digital platforms compared to other regions. Furthermore, the research shows the active engagement of MSMEs in LDCs and developing economies in taking training to improve digital skills, while also highlighting the gender disparity where female MSME Facebook users lag behind.

INTRODUCTION[1]

Digital technologies and online platforms have transformed the way businesses operate, offering a wide range of opportunities for MSMEs to engage in international trade. These applications include cross-border e-commerce platforms, social media channels for advertisement and communication, websites for establishing an online presence, and innovative technologies for product and service development (OECD, 2021a; UNCTAD, 2021; World Bank, 2021; WTO, 2018; UNCTAD, 2017). Additionally, MSMEs can leverage financial technologies, such as digital payment systems to facilitate cross-border payments, or Big Data analytics platforms to optimize funding solutions (WTO, ICC, and Trade Finance Global, 2021). Other advanced digital technologies, like blockchain, a decentralized digital ledger technology, offer MSMEs benefits by reducing trade costs, building trust and transparency in value chains, and improving supply chain management (WCO and WTO, 2022; Ganne, 2018).

Although digital technologies offer numerous advantages, they also present various challenges. For example, the "digital divide" between economies with different levels of development presents a significant challenge for the new digital economy, as limited internet access, lower bandwidth, and a lack of technical skills in developing economies and LDCs hinder businesses' ability to fully participate in the global digital arena (WTO and World Bank, 2019). In addition, compared to large enterprises, MSMEs encounter greater difficulties in embracing and using digital technologies, mainly due to factors such as skill shortages, inadequate management practices, and limited workforces (OECD, 2017).

Despite the growing importance of digital transformation among MSMEs and its impact on international trade, existing research falls short in providing a detailed understanding of digital technology adoption among MSMEs across diverse economies, regions, and development levels. 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 the Annex for data and methodology details[2]).

This research note is the second research note in a two-part series to review MSME traders and MSME digitalization[3]. 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 the Annex). 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.

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.
3 See "Research Note 4, Examining MSMEs' Composition and Participation in International Trade through Meta Survey Data" for the first paper in this two-part research.

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 are intended to be representative of the Facebook page admin population, for which Meta has a good understanding (2020) (See Annex 1). Therefore, all findings in this note 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.

The Meta 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.

The paper is organized into two sections. The first provides an overview of the purpose and use of digital technology by MSME Facebook users across economic level of development, region, and gender together with the main uses and challenges for adoption. The second section reviews MSME Facebook user digitalization and international trade. The paper concludes with main findings and potential policy implications.

1. DIGITAL TECHNOLOGY PURPOSES AND CHALLENGES TO ADOPTION

1.1 Digital platform use remains low among MSMEs compared with large firms, especially in LDCs.

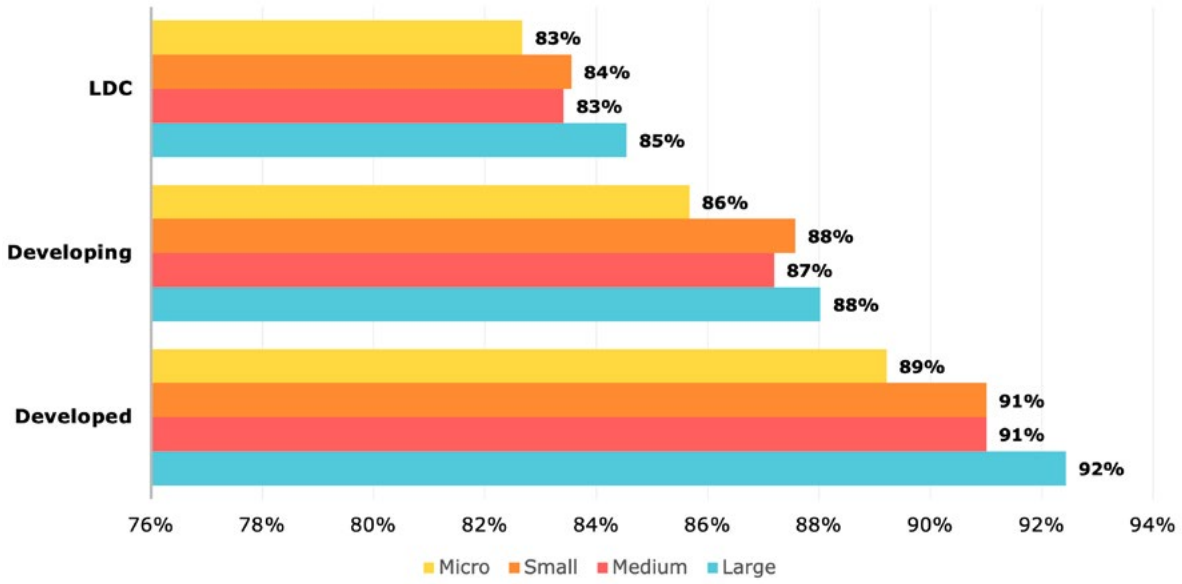
Digital online platforms can be defined as "undertakings operating in two (or multi)-sided markets, which use the Internet to enable interactions between two or more distinct but interdependent groups of users so as to generate value for at least one of the groups" (European Commission, 2015). Examples of such platforms include general search engines, specialized search tools, location-based business directories or maps, news aggregators, online marketplaces, audio-visual and music platforms, video sharing platforms, payment systems, social networks, and app stores. The Meta survey question provides a comprehensive list of options that describe the businesses' use of digital platforms, including online platforms that facilitate interactions with other firms, individuals, or the government, including advertising, communication, the sale or purchase of goods or services (including e-commerce and service delivery), making or receiving payments, interactions with the government, and product or service development. In fact, Facebook itself is a digital platform that allows for many of these same interactions and services for its users.

The adoption of one or more digital platforms (in addition to Facebook) among Facebook users reached an overall rate of 87 per cent[4], but there are significant disparities across different levels of development. In developed economies, businesses demonstrate high adoption rates, with large businesses leading at 92 per cent, followed closely by small and medium-sized businesses at 91 per cent. Even Micro business Facebook users exhibit an above-average adoption rate of 89 per cent. In developing economies, adoption rates remain relatively high although slightly lower compared to developed economies. In LDCs, business Facebook users of all sizes have below-average adoption rates, with large businesses at 85 per cent and small, medium, and micro businesses around 83-84 per cent (see Figure 1; see Annex Table 1 for the classification of level of development).

The adoption of one or more digital platforms (in addition to Facebook) among Facebook users reached an overall rate of 87 per cent.

4 The rate of use of digital platforms is not 100 per cent because some businesses might have only registered and created a business page without actively using the functions of the digital platform.

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



Source: Meta Future of Business survey, March 2022.

Note: The original question is "Which of the following describes this businesses' use of digital platforms (online platforms to facilitate interactions with other firms, individuals, or the government)?". (Answer: "1":"Advertising","2":"Communication","3":"Sale or purchase of goods or services (including e-commerce and service delivery)","4":"Making or receiving payments","5":"Interactions with government","6":"Product or service development","7":"A reason not listed here","8":"This business does not use digital platforms"). The numbers in this figure are calculated by subtracting the percentages of selecting "This business does not use digital platforms" from the total responses.

These findings demonstrate the digital gap that persists between MSMEs and larger enterprises, and between regions at different levels of development.[5] This aligns with prior research indicating the technological adoption gap between MSMEs and larger firms persists due to factors such as inadequate investment in research and development, digital skills, and organizational and process innovation (OECD, 2018). Bridging the digital divide between MSMEs and larger enterprises is important regardless of the level of development, and it requires targeted efforts to provide resources, training, and support that empower MSMEs to effectively embrace and leverage digital technologies.

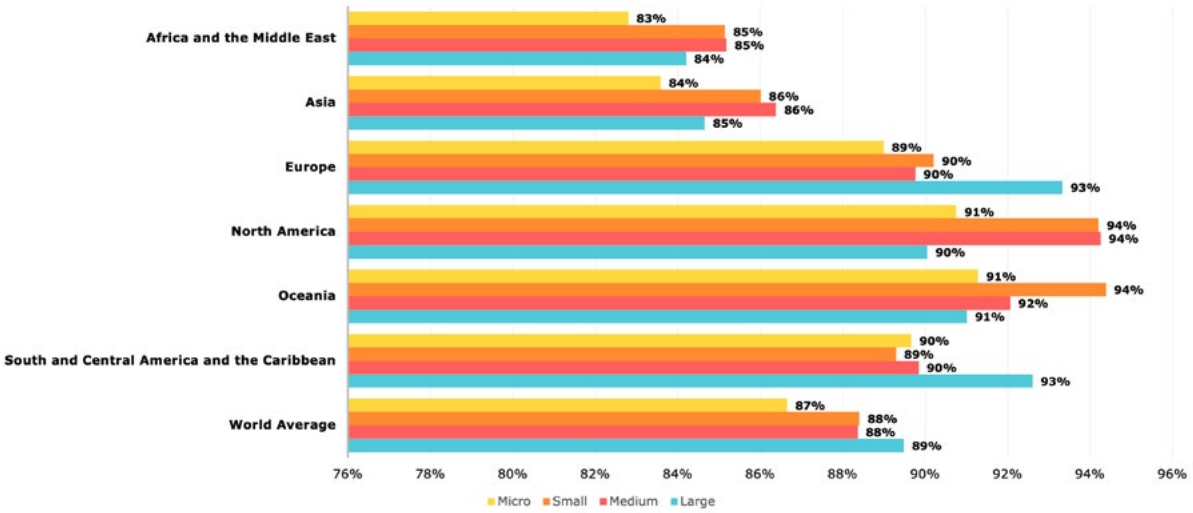
1.2 MSMEs in Africa, the Middle East, and Asia report relatively lower levels of digital platform use compared to other regions.

North America and Oceania have the highest digital platform usage rates among MSME Facebook users at 92 per cent, followed by South and Central America and the Caribbean at 90 per cent.

There are also notable variations in digital platform use across regions. In comparison, Facebook page admins in Asia, Africa, and the Middle East have relatively lower digital platform usage rates, particularly among MSMEs, at around 83 per cent, with micro businesses reporting the lowest (see Figure 2). When looking only at MSMEs on the map, the regional differences become more obvious: North America and Oceania have the highest usage rates among MSME Facebook users at 92 per cent, followed by South and Central America and the Caribbean at 90 per cent (see Figure 3).The gap observed in these regions is a result of limited internet adoption caused by infrastructure, affordability, and service availability issues (ITU, 2022). For example, recent studies have indicated that Africa experiences slow and expensive fixed internet business plans with limited options. SMEs in Sub-Saharan Africa primarily rely on mobile internet plans or mobile Wi-Fi routers, which generally offer lower speeds than fiber connections and come with data caps (Begazo et al, 2023).

5 Of note, despite this gap in business use of digital platforms, Facebook users in economies of every level of development unsurprisingly exhibit higher levels of digital connectivity. Based on 2021 ITU statistics for 101 economies that overlap with the economies in this analysis (Myanmar and India are missing from the 2021 series), the share of "Individuals using the internet" is 90 per cent for developed economies, 74 per cent for developing economies, and only 33 per cent for LDCs.

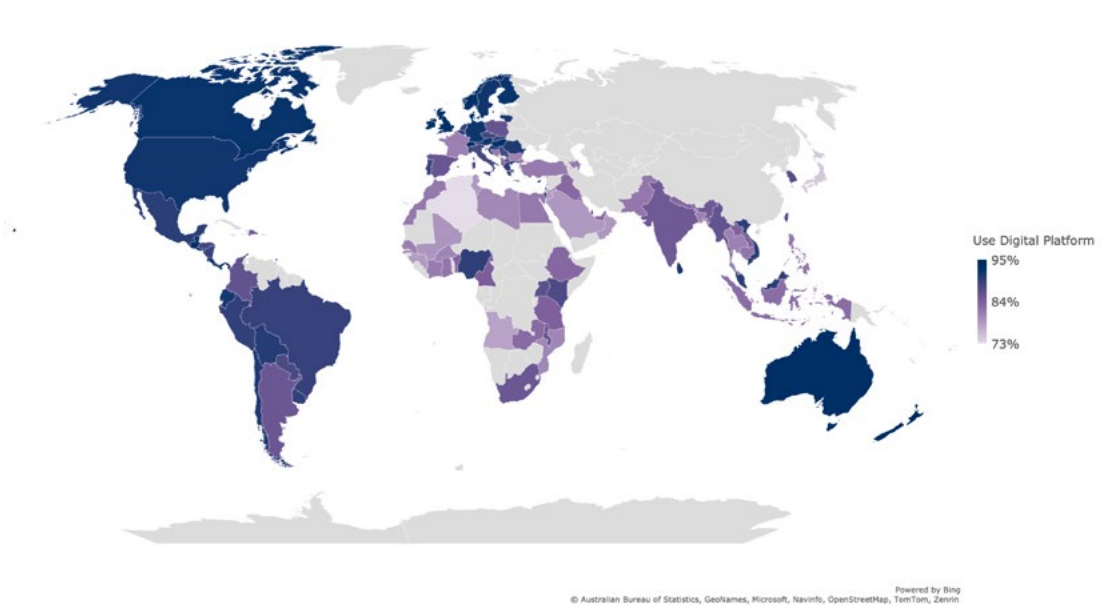
Figure 2: Facebook Users Having Indicated Additional Digital Platform Use, by Region



Source: Meta Future of Business survey, March 2022.

Note: The original question is "Which of the following describes this businesses' use of digital platforms (online platforms to facilitate interactions with other firms, individuals, or the government)?". (Answer: "1":"Advertising","2":"Communication","3":"Sale or purchase of goods or services (including e-commerce and service delivery)","4":"Making or receiving payments","5":"Interactions with government","6":"Product or service development","7":"A reason not listed here","8":"This business does not use digital platforms"). The numbers in this figure are calculated by subtracting the percentages of selecting "This business does not use digital platforms" from the total responses.

Figure 3: MSME Facebook Users Having Indicated Use of Additional Digital Platforms



Source: Meta Future of Business survey, March 2022.

Note: The original question is "Which of the following describes this businesses' use of digital platforms (online platforms to facilitate interactions with other firms, individuals, or the government)?". (Answer: "1":"Advertising","2":"Communication","3":"Sale or purchase of goods or services (including e-commerce and service delivery)","4":"Making or receiving payments","5":"Interactions with government","6":"Product or service development","7":"A reason not listed here","8":"This business does not use digital platforms"). The numbers in this figure are calculated by subtracting the percentages of selecting "This business does not use digital platforms" from the total responses. 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 Zenrin.[6]

6 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.

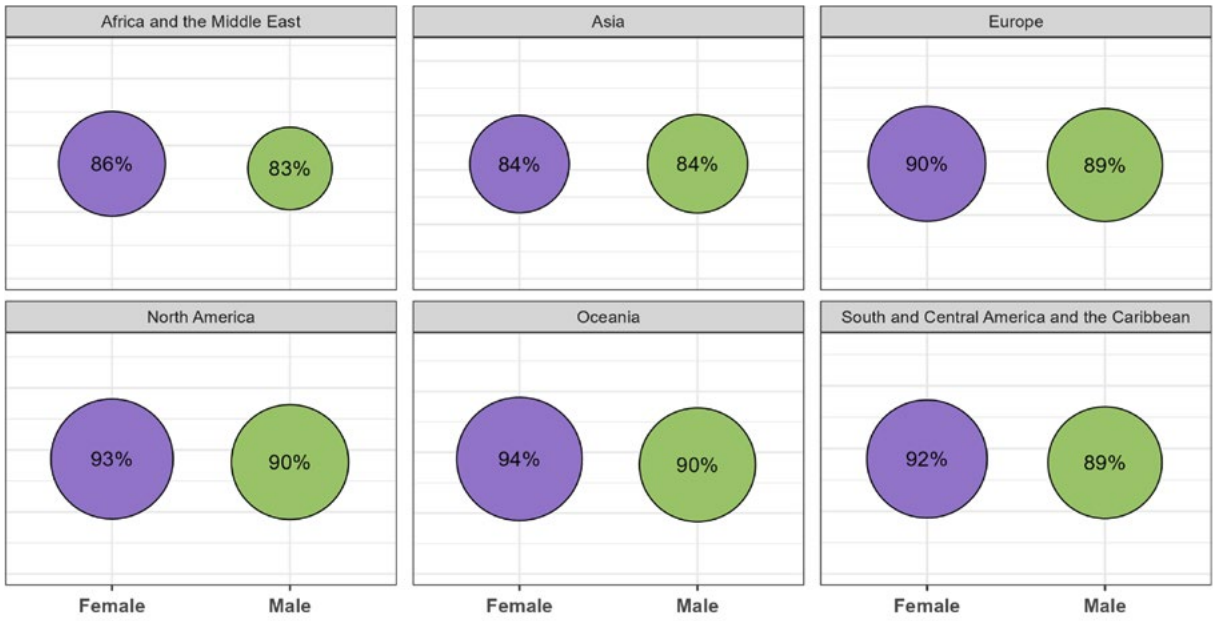
Even within the same region, the adoption of additional digital platforms among Facebook users reveals significant differences across economies. In general, European economies exhibit higher adoption rates, with Denmark ranking first at 95 per cent, followed by Switzerland, Norway, the UK, and Ireland at 93 per cent. France, however, has a lower adoption rate at 81 per cent. In Africa and the Middle East, there are notable variations in digital platform usage among MSME Facebook users in different economies. For example, Nigeria, Kenya, and Uganda stand out with adoption rates of 90 per cent, 88 per cent, and 87 per cent respectively, while Algeria, Lebanon, and Angola display lower rates, all below 78 per cent. Similarly, in Asia, Sri Lanka, Singapore, Malaysia, and Viet Nam demonstrate high adoption rates of over 90 per cent, while Japan reports a relatively lower rate at 74 per cent (see Annex Table 2 for complete statistics).

1.3 Female-owned or managed MSMEs using Facebook incorporate digital platforms more than their male counterparts.

The data indicate that female-owned or managed MSMEs using Facebook have a slightly higher level of engagement with digital platforms. On average, 89 per cent of female-owned or managed MSME Facebook users and 86 per cent of male-owned or managed MSMEs use digital platforms for their businesses to facilitate interactions with other firms, individuals, or the government. In Africa and the Middle East, 86 per cent of female led MSME Facebook users and 83 per cent of male led firms use digital platforms for their businesses. In Oceania, the usage rate among female-owned or managed MSME Facebook users is also relatively higher at 94 per cent, compared to 90 per cent among male-owned or managed MSMEs. Similarly, in North America, South and Central America and the Caribbean, female-owned or managed MSMEs exhibit a slightly higher usage rate by 3 per cent. The only exception is in Asia where similar use rates are observed among both genders, at 84 per cent (see Figure 4).

Female-owned or managed MSMEs using Facebook have a slightly higher level of engagement with digital platforms. On average, 89 per cent of female-owned or managed MSME Facebook users and 86 per cent of male-owned or managed MSMEs use digital platforms for their businesses.

Figure 4. MSME Facebook Users Having Indicated Digital Platform Use, by Gender and by Region



Source: Meta Future of Business survey, March 2022.

Note: The original question is "Which of the following describes this businesses' use of digital platforms (online platforms to facilitate interactions with other firms, individuals, or the government)?". (Answer: "1":"Advertising","2":"Communication","3":"Sale or purchase of goods or services (including e-commerce and service delivery)","4":"Making or receiving payments","5":"Interactions with government","6":"Product or service development","7":"A reason not listed here","8":"This business does not use digital platforms"). The numbers in this figure are calculated by subtracting the percentages of selecting "This business does not use digital platforms" from the total responses.

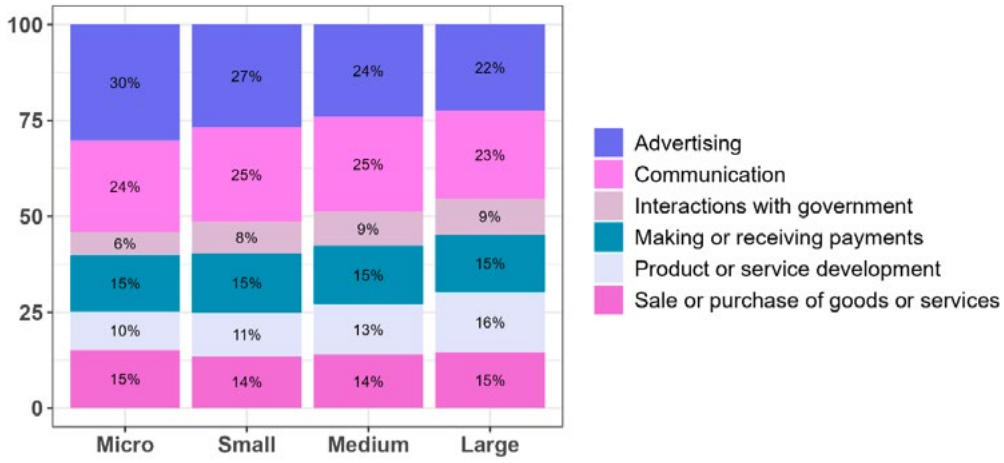
Other studies have similarly found a higher prevalence of women over men adopting digital tools, especially during the Covid-19 pandemic (GEM, 2023). The relative prevalence of women's usage of digital platforms can be closely tied to the benefits they would gain, such as trade facilitation and entrepreneurial promotion, as evidenced by studies from the World Bank and the IFC. A report by the World Bank (2021) shows that technology connection empowers more women to overcome business constraints, facilitates communication, expands market access, enables flexible working hours, and fosters remote work possibilities. By participating in training, savings programs, peer networks, and mentorship through internet platforms, women can overcome geographical and time limitations thus enhancing their entrepreneurial endeavors. According to another study by the IFC (2021) that utilizes platform data in Africa, women's participation in e-commerce is significant, driven by benefits such as "flexibility" and "supplementing existing income," indicating that women are using e-commerce to overcome labour force participation barriers and achieve earnings equality. Moreover, the study emphasizes that narrowing the earnings gap between men and women on e-commerce platforms could have a significant economic impact, potentially adding nearly $15 billion to the overall value of the African e-commerce market. However, it should be noted that e-commerce markets include compliance costs such as packaging or returns that are not always a cost-effective option for MSME sellers, and online sales can entail additional costs for women entrpreneurs (der Boghossian and Bahri, 2023).

1.4 The main uses of digital platforms are advertising and communication.

Micro and small business Facebook users put advertising as their top reason for using digital platforms, while medium and large businesses prioritize communication.

The findings reveal that business Facebook users of all sizes primarily use digital platforms for advertising and communication. On average, advertising is the most-selected option, representing 28 per cent out of total responses, followed by communication at 24 per cent. Looking more closely at these responses by business size indicates that micro and small business Facebook users put advertising as their top reason for using digital platforms, while medium and large businesses prioritize communication. After advertising and communication, there is some variation for priorities depending on business size. Among micro firms, the "sale or purchase of goods or services" is ranked as the third main purpose. For small and medium business Facebook users, "making or receiving payments" is the third most important purpose, ranging from 14 to 15 per cent. While in the case of large firms "product or service development" is the third highest priority (see Figure 5).

Figure 5. Reported Uses of Digital Platforms, by Business Size



Source: Meta Future of Business survey, March 2022.

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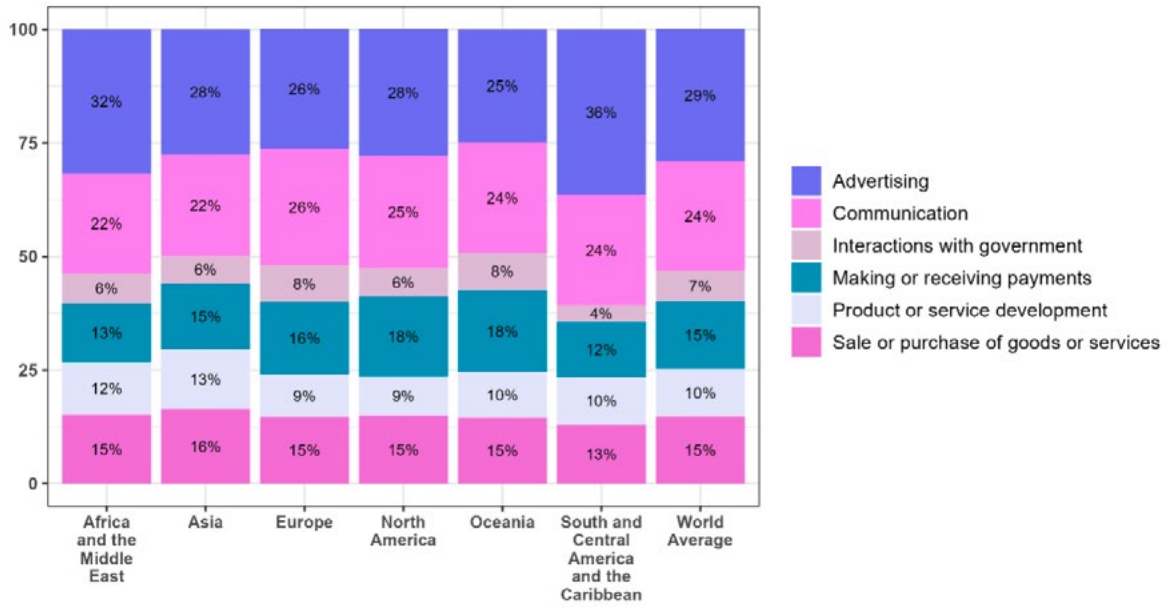
Regionally, there are also distinct patterns in the third most common use of digital platforms among business Facebook users after advertising and communication. In Africa and the Middle East, Asia, and South and Central America and the Caribbean, the third most common use is the "sale or purchase of goods or services." On the other hand, in Europe, North America, and Oceania, business Facebook users reported "making or receiving payments" as the third most-selected function (see Figure 6). The variation in digital payment use could indicate disparities in the availability and ownership of digital financial services. In regions with limited online banking, payments through digital platforms are less common, and consumers may opt for alternative transaction methods, such as the "cash-in cash-out" (CICO) method, an innovative payment system where individuals can deposit and withdraw cash from their accounts through authorized agents or agents' networks using mobile phones[7].

In Africa and the Middle East, Asia, and South and Central America and the Caribbean, the third most common use of digital platforms is the "sale or purchase of goods or services." On the other hand, in Europe, North America, and Oceania, business Facebook users reported "making or receiving payments" as the third most-selected function.

Figure 6. MSME Facebook Users Reported Uses of Digital Platforms, by Region



Source: Meta Future of Business survey, March 2022.

Note: The original question is "Which of the following describes this businesses' use of digital platforms (online platforms to facilitate interactions with other firms, individuals, or the government)?" (Answer: "1":"Advertising","2":"Communication","3":"Sale or purchase of goods or services (including e-commerce and service delivery)","4":"Making or receiving payments","5":"Interactions with government","6":"Product or service development","7":"A reason not listed here","8":"This business does not use digital platforms"). The option "This business does not use digital platforms" is removed from the calculation. The percentages in this figure are calculated from the six remaining options within the subset of MSME leaders.

Among MSME Facebook users involved in international trade, 18 per cent put "sale or purchase of goods or services" as their third greatest use of digital platforms, slightly higher than the percentages reported among MSMEs with only domestic sales.

When analysing the subset of MSME Facebook users engaged in international trade, it is interesting to note that their purposes for using digital platforms tend to focus more on the "sale or purchase of goods or services" compared to MSME Facebook users with only domestic sales. Among MSME Facebook users involved in international trade, 18 per cent put "sale or purchase of goods or services" slightly higher than the percentages reported among MSMEs with only domestic sales at 14 per cent (see Annex Table 3 and Table 4 for comparative statistics). This could be attributed to the growth of cross border e-commerce.

7 Relevant examples can be found in "Expanding Ethiopia's Agent Networks Through Innovative Digital Solutions: Building on Insights and Lessons from Forerunners " by United Nations-Ethiopia, posted on 03 February 2023.

Indeed, digital platforms are intricate ecosystems with multiple functions, connecting various stakeholders, including businesses (suppliers, advertisers, content providers) and users (consumers, viewers) for businesses of all sizes. The survey provides insight into how business Facebook users' needs vary across different sizes of firms, regions, and whether they are engaged in international trade.

1.5 The top two challenges to adopting digital platforms are lack of technical skills and cost of associated fees.

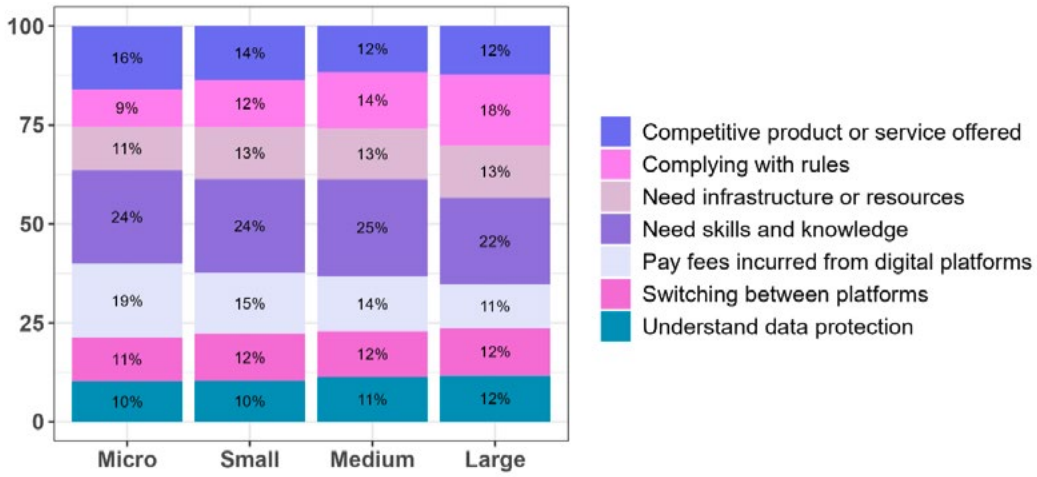
The survey reveals that different sizes of businesses report different challenges to adopting digital platforms. Micro and small business Facebook users predominantly highlight the need for more technical skills and knowledge, with nearly a quarter of business Facebook users (24 per cent) noting this as their greatest obstacle. Paying fees incurred for accessing digital platforms is also noted as a significant challenge by micro (19 per cent) and small business (15 per cent) Facebook users (see Figure 7). E-commerce marketplaces, for instance, may impose direct costs, such as high membership fees, strict logistics policies, and unfair rating systems that favour larger companies, potentially constraining MSME participation (Lundquist and Kang, 2021).

In addition to direct fees, digital platforms may also incur indirect costs, especially high costs incurred due to security incidents (OECD, 2021a). SMEs have historically shown a lower probability of detecting and reporting digital security breaches compared to larger corporations, attributed to various factors, such as their limited internal resources, skills, and awareness to recognize and address such incidents, and financial limitations that prevent them from investing in comprehensive protection and detection measures (OECD, 2019a; WTO, 2019). The survey findings align with these previous conclusions, demonstrating that MSMEs encounter difficulties in adhering to digital security and consumer protection standards, and also lack a comprehensive understanding of how their business data might be used by third parties, leading to challenges in ensuring effective data protection.

Micro and small business Facebook users predominantly highlight the need for more technical skills and knowledge, with nearly a quarter of business Facebook users (24 per cent) noting this as their greatest obstacle.

Meanwhile, micro (16 per cent) and small business (14 per cent) Facebook users also commonly mention facing unfair competition with similar products or services that are offered on platforms by larger competitors or the platform itself. ADB (2021) emphasizes the importance of reducing market consolidation and potential anticompetitive influences arising from the gatekeeping advantage of mega-platform firms.

Figure 7. Facebook User Challenges of Using Digital Platforms, by Business Size



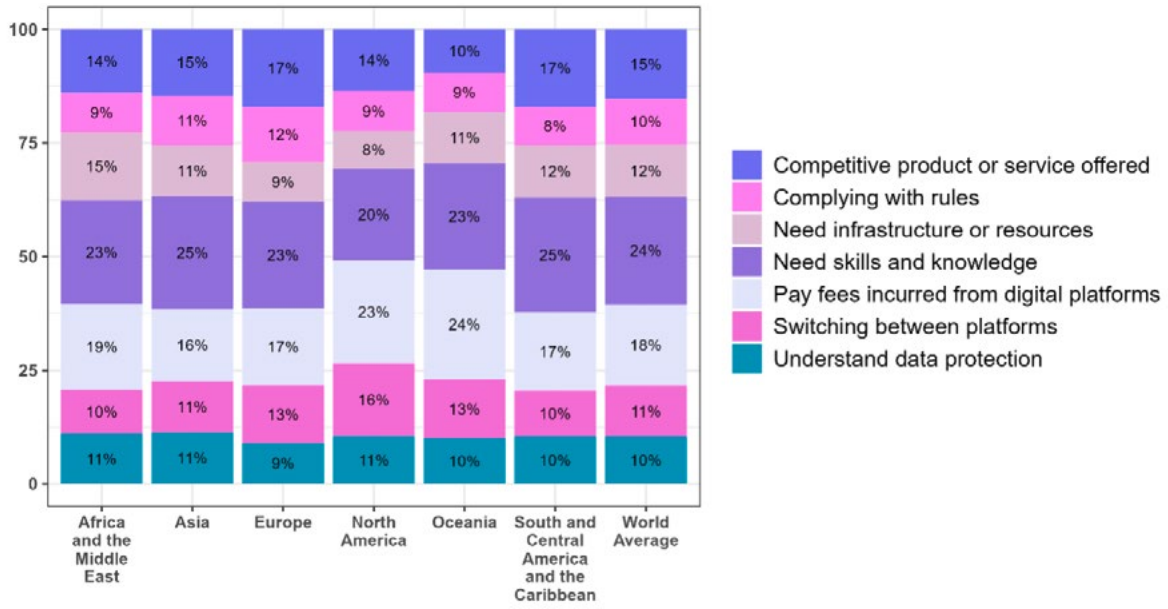
Source: Meta Future of Business survey, March 2022.

Note: The original question is " What are the main challenges this business might face if it tried to adopt digital platforms for the sale or purchase of goods and services? " Answer {"1":"No challenges","2":"Something not listed here","3":"Difficulties in switching between platforms or using more than one platform at the same time.","4":"Complying with digital security and consumer protection standards and legal requirements.","5":"Lack of understanding on how my business data can be used by third parties and how to protect them","6":"Extreme or unfair competition with similar products or services offered on the platform by other businesses or the platform itself","7":"Paying fees incurred for accessing digital platforms.","8":"Need for more resources or infrastructure (e.g., broadband)","9":"Need for more technical skills and knowledge"} The options "No challenges" and "Something not listed here" are removed from the calculation. The percentages in this figure are calculated from the seven remaining responses.

Certain regions with lower use rates of digital platforms may require more training and understanding of these tools to fully leverage their benefits.

An analysis of MSME Facebook users by region illustrates that MSME Facebook users in Africa and the Middle East, Asia, Europe, and South and Central America and the Caribbean report the need for skills and knowledge when adopting digital platforms, while those in North America and Oceania identify paying fees incurred from digital platforms as their biggest obstacle (see Figure 8). This observation aligns with the previous section, showing that certain regions with lower use rates of digital platforms may require more training and understanding of these tools to fully leverage their benefits. While in regions where digitalization is more advanced and widespread, MSMEs might already possess a certain level of technical skills and knowledge. Therefore, their primary concern could shift towards the financial aspect of adopting digital platforms, especially the large ones which could be associated with higher fees.

Figure 8. MSME Facebook User Challenges of Using Digital Platforms, by Region



Source: Meta Future of Business survey, March 2022.

Note: The original question is " What are the main challenges this business might face if it tried to adopt digital platforms for the sale or purchase of goods and services? " Answer {"1":"No challenges","2":"Something not listed here","3":"Difficulties in switching between platforms or using more than one platform at the same time.","4":"Complying with digital security and consumer protection standards and legal requirements.","5":"Lack of understanding on how my business data can be used by third parties and how to protect them","6":"Extreme or unfair competition with similar products or services offered on the platform by other businesses or the platform itself","7":"Paying fees incurred for accessing digital platforms.","8":"Need for more resources or infrastructure (e.g. broadband)","9":"Need for more technical skills and knowledge"} The options "No challenges" and "Something not listed here" are removed from the calculation. The percentages in this figure are calculated from the seven remaining options.

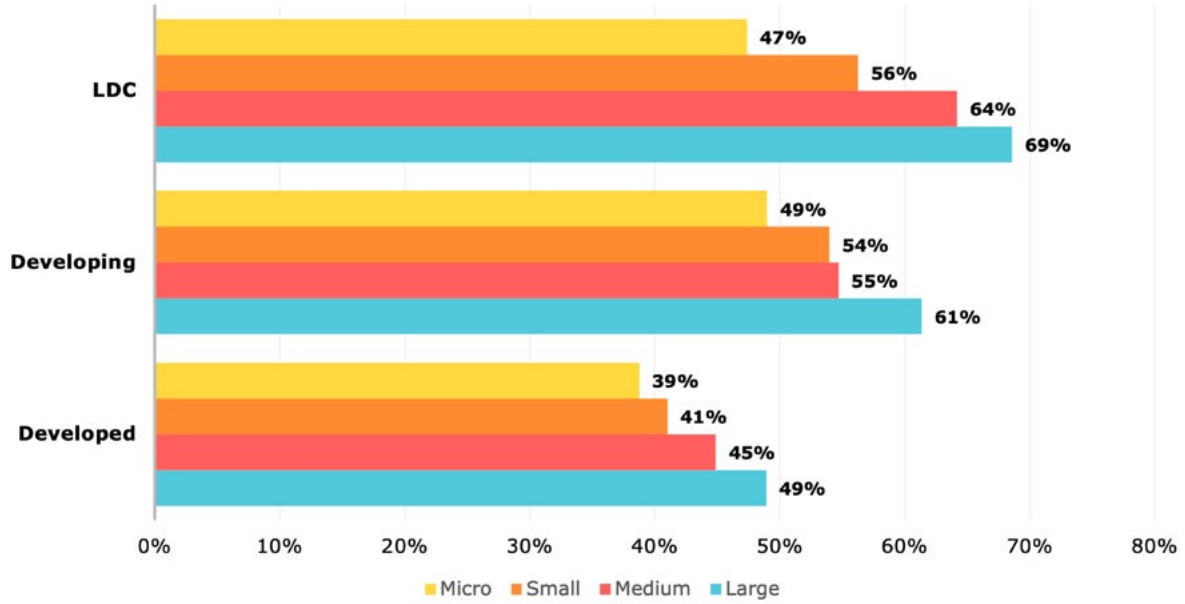
1.6 Close to half of businesses report undertaking training to improve technology adoption, while lower rates are observed among MSMEs and women.

Training plays a crucial role in equipping businesses with the necessary skills and knowledge to navigate the rapidly evolving digital landscape. The findings highlight the variations in participating in training programs across different business sizes and development statuses. Both developing economies and LDCs show higher rates of taking training, while MSME Facebook user participation is still relatively lower compared to large business Facebook users. Facebook users from developed economies report relatively lower training rates (see Figure 9). These findings may indicate different priorities or a potentially higher baseline of technology skills within developed economies compared to

Both developing economies and LDCs show higher rates of taking training, while MSME Facebook user participation is still relatively lower compared to large business Facebook users.

developing economies, where there could be a larger demand to improve digital skills, especially for MSMEs, but it appears barriers remain for them, based on a 2019 European Commission report, which shows the greatest barriers to providing digital skills training to SME employees are a lack of time and unclear business advantages. Other obstacles include the availability of training programmes, their cost, inflexible timetables and distance as well as an inability by participants to fully understand the content of the training without a clear description of the programme (European Commission, 2019). UNCTAD further notes that "e-commerce markets in Southeast Asia and Africa could grow by an estimated USD 280 billion and USD 14.5 billion, respectively, between 2025 and 2030 if better training were provided to women digital entrepreneurs" and provides a number of programs that serve as successful examples including Jumia's Women and Youth Empowerment Program or the International Trade Centre's ecommConnect programme (UNCTAD, 2023).

Figure 9. Business Facebook Users Having Responded "Yes" to the Question: "Over the past 12 months, have you undergone any training to improve your technology?", by Level of Development



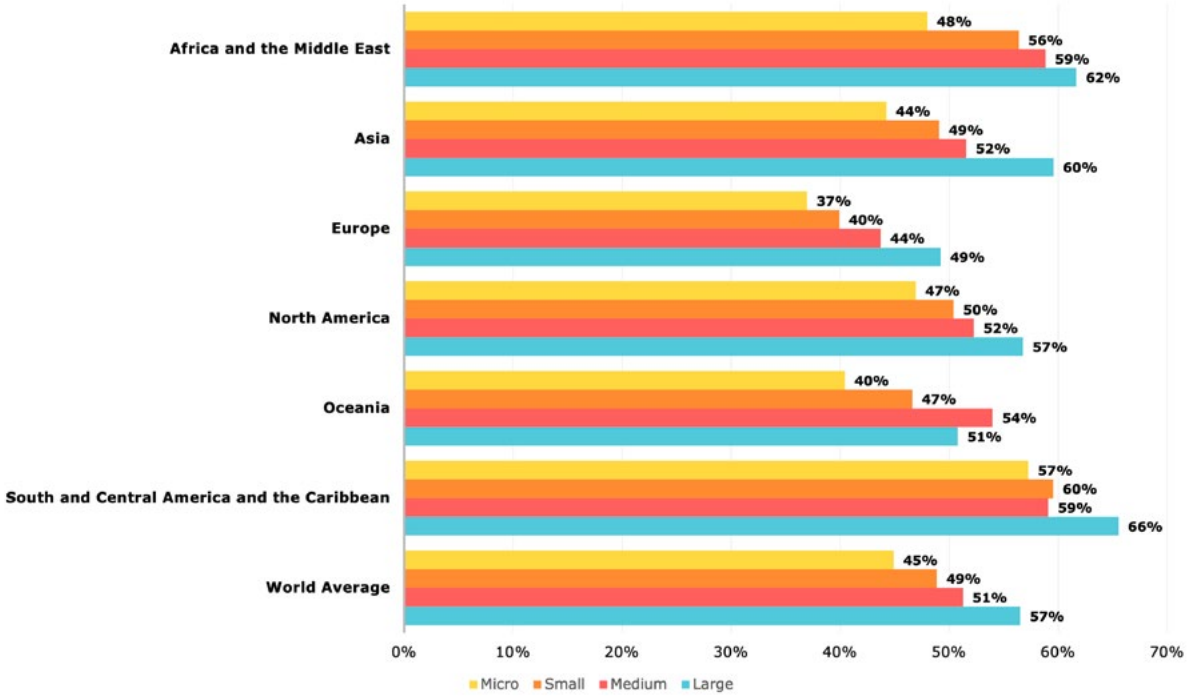
Source: Meta Future of Business survey, March 2022.

Note: The survey question is "Over the past 12 months, have you undergone any training to improve your technology (such as internet or computer) skills?" (Answer = Yes)

When examining technology training rates at the regional level, South and Central America and the Caribbean stand out with the highest participation, with 58 per cent of MSME Facebook users having reported undergoing training in the last 12 months. Africa and the Middle East also demonstrate relatively higher training rates compared to other regions, with 50 per cent of MSMEs indicating participation in training. In contrast, Europe shows comparatively lower training rates, with only 38 per cent of MSMEs responding positively to the question of whether they had taken training in the past 12 months to improve technology (see Figure 10 and Figure 11; see Annex Table 5 for complete statistics).

South and Central America and the Caribbean stand out with the highest participation, with 58 per cent of MSME Facebook users having reported undergoing training in the last 12 months.

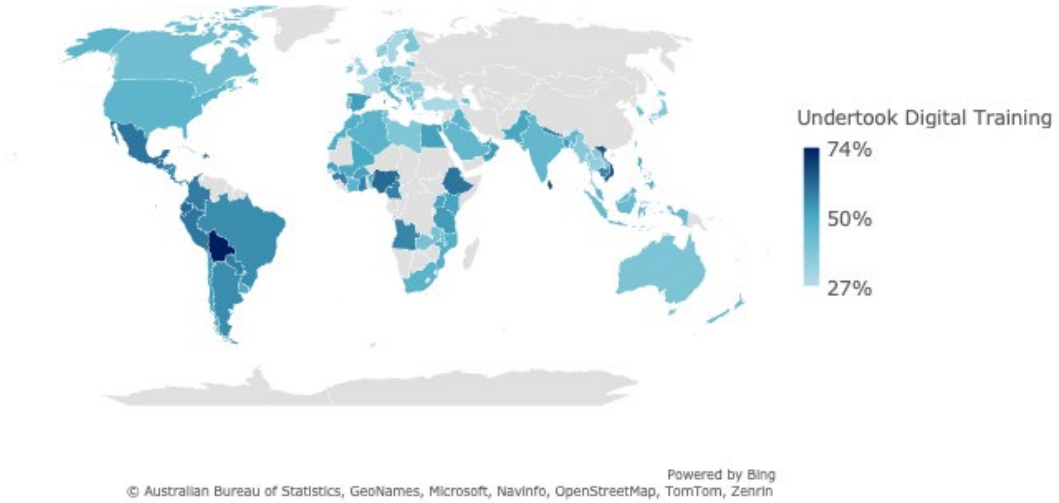
Figure 10. Business Facebook Users Having Responded "Yes" to the Question " Over the past 12 months, have you undergone any training to improve your technology?", by Region



Source: Meta Future of Business survey, March 2022.

Note: The survey question is "Over the past 12 months, have you undergone any training to improve your technology (such as internet or computer) skills?" (Answer = Yes)

Figure 11. MSME Facebook Users Having Responded "Yes" to the Question " Over the past 12 months, have you undergone any training to improve your technology?"



Source: Meta Future of Business survey, March 2022.

Note: The survey question is "Over the past 12 months, have you undergone any training to improve your technology (such as internet or computer) skills?" (Answer = Yes) 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 Zenrin.[8]

8 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.

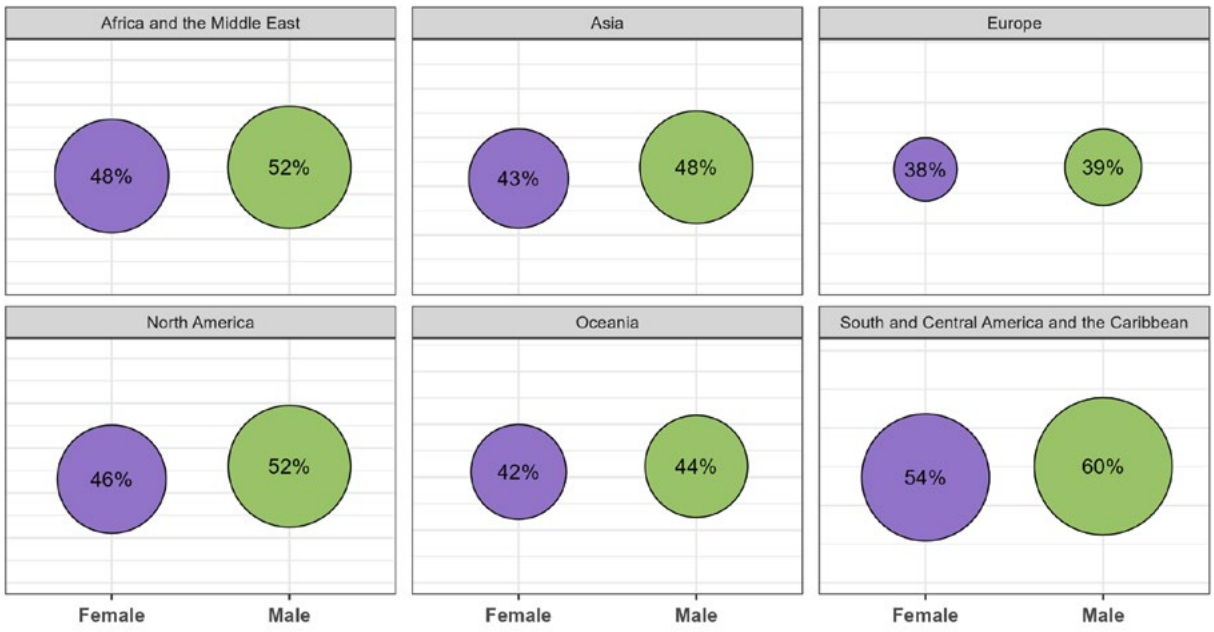
There appears to be a consistent pattern linking the challenges mentioned in the previous section (Section 1.5) and the rates of training across different regions. Regions where businesses express a higher need for technical skills and knowledge tend to exhibit higher rates of training. For example, in regions like South and Central America and the Caribbean, Africa and the Middle East, and Asia, where the demand for technical skills is more pronounced, there is a relatively higher prevalence of training. This suggests that businesses in these regions recognize the importance of acquiring the requisite skills and knowledge through training to address the challenges they encounter.

Disaggregated by gender, the data on whether MSME Facebook users have undertaken training in the past 12 months to improve digital knowledge reveals that, on average, undertaking training is less prevalent among female owners or managers of MSMEs, compared to their male counterparts. On average, only 44 per cent of female MSME owners or managers with a Facebook business page reported having taken training compared to 48 per cent of male MSME owners or managers. This indicates a slight gender disparity in access to training opportunities and suggests that there may be barriers or challenges specific to female MSME owners and managers when it comes to engaging in training programs. This corroborates evidence that women entrepreneurs have fewer access to training opportunities than men, due to lack of information regarding these trainings, lack of resources to fund these trainings or lack of time to devote to building their capacity, due to the burden of unpaid care work they carry in addition to their entrepreneurial activity. When disaggregated by region, every region shows fewer female MSME owners or managers having taken training in the past twelve months, with the largest gap observed in North America and South and Central America and the Caribbean where 6 per cent fewer female MSME owners and managers have taken training. The smallest gap is observed in Europe at only 1 per cent. This is despite a study by the IFC (2021) that shows that women entrepreneurs tend to value training and business support more than men, especially courses with greater flexibility. Making such training available online and on-demand could be beneficial for time-constrained women entrepreneurs and those operating outside of core urban markets where the distance to training centres can be markedly shorter. In fact one ADB study (2019) showed that in the Pacific, when women gain access to digital tools and technologies they use them as much, or even more, than men.

Regions where businesses express a higher need for technical skills and knowledge tend to exhibit higher rates of training.

On average, only 44 per cent of female MSME owners or managers with a Facebook business page reported having taken training compared to 48 per cent of male MSME owners or managers.

Figure 12. MSME Facebook Users Having Indicated Undertaking Training, by Gender and Region



Source: Meta Future of Business survey, March 2022.

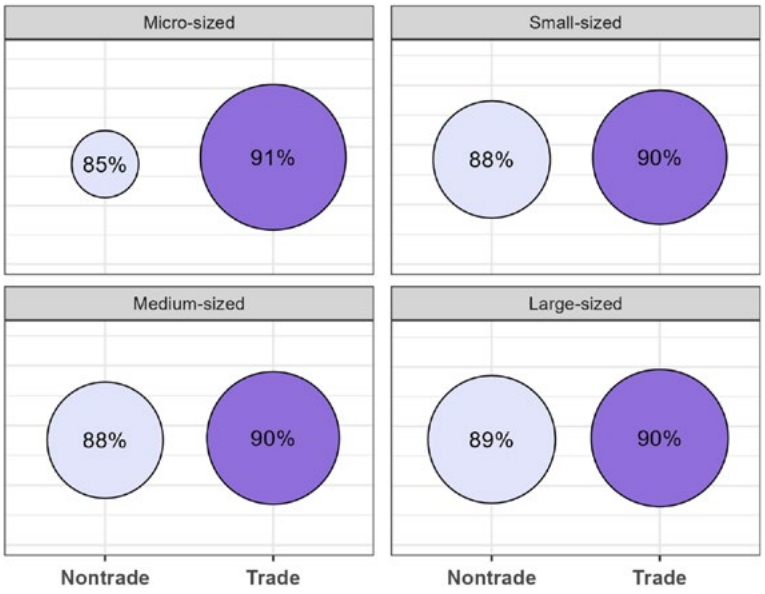
Note: The survey question is "Over the past 12 months, have you undergone any training to improve your technology (such as internet or computer) skills?" (Answer = Yes). The calculation is based on the subset of MSMEs only.

2. DIGITALIZATION AND INTERNATIONAL TRADE

2.1 Businesses participating in international trade report a higher rate of using digital platforms, especially among micro-sized firms.

Results from Meta's March 2022 Future of Business (FoB) survey highlight that business Facebook users engaged in international trade also exhibit a higher rate of using digital platforms compared to those not involved in trade. On average, 91 per cent of business Facebook users engaged in international trade reported using digital platforms, while the rate was relatively lower at 86 per cent among non-traders. The discrepancy is most apparent among micro-sized firms, with 91 per cent of traders using digital platforms, higher than the 85 per cent reported among micro-sized firms not engaged in trade, a difference of 6 percentage points (see Figure 13).

Figure 13. Business Facebook Users Having Indicated Digital Platform Use, by firm-size and trading vs non-trading firms.



Source: Meta Future of Business survey, March 2022.

The data also reveal notable differences in digital platform adoption between trading and non-trading firms across regions. In the Africa and the Middle East region, 88 per cent of trading Facebook Users reported using digital platforms, whereas only 81 per cent of non-traders do. Similarly, in Oceania, trading Facebook users displayed a significantly higher rate of digital platform adoption at 97 per cent, compared to 91 per cent among non-traders, showing a remarkable difference of 6 percentage points, and a 5-percentage point difference was observed in Asia and Europe respectively (see Figure 14). These findings again highlight the positive correlation between international trade and digital platform adoption, underscoring the importance of digital transformation for enhancing competitiveness in the global market. While this research note does not investigate the causal relationship, research conducted by Lanz et al. (2018) shows that digitally-connected SMEs in developing economies tend to import a larger proportion of their inputs compared to non-digitally-connected firms, indicating the trade link with digitalization.

On average, 91 per cent of business Facebook users engaged in international trade reported using digital platforms, while the rate was relatively lower at 86 per cent among non-traders. The discrepancy is most apparent among micro-sized firms, with 91 per cent of traders using digital platforms, higher than the 85 per cent reported among micro-sized firms not engaged in trade.

Figure 14. MSME Facebook Users Having Indicated Additional Digital Platform Use, by region and trading vs. non-trading firms.

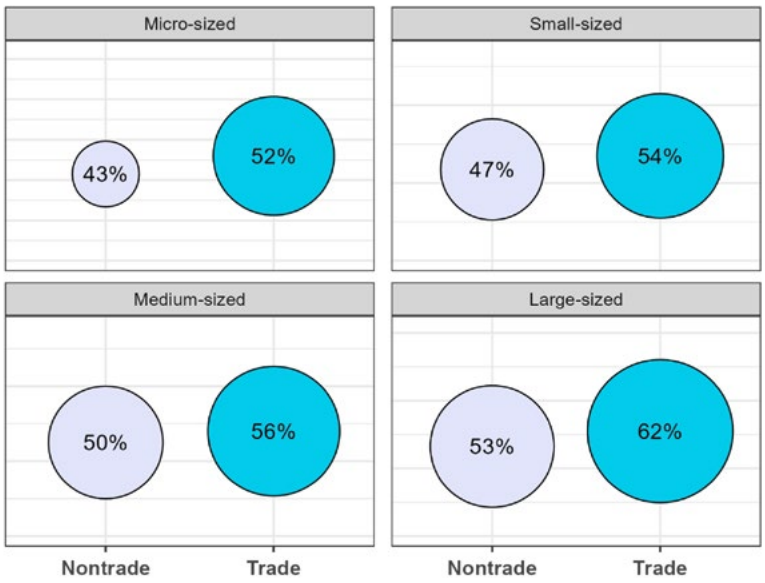
Source: Meta Future of Business survey, March 2022.

2.2 Businesses involved in international trade indicate undertaking more training to enhance their technology skills.

The results also indicate a higher uptake of training to improve digital skills among business Facebook users engaged in trade compared to those not involved in trade. Specifically, among micro-sized enterprise Facebook users, 52 per cent of international traders undertook digital training, compared to 43 percent of non-traders, a difference of 9 percentage points. Similarly, small-sized businesses show a 7-percentage point difference, medium-sized enterprises have a 6-percentage point difference, and large-sized businesses display a 9-percentage point difference between traders and non-traders (see Figure 15).

Among micro-sized enterprise Facebook users, 52 per cent of international traders undertook digital training, compared to 43 percent of non-traders.

Figure 15. Business Facebook Users Having Indicated Undertaking Training, by Size and Trading vs. Non-Trading firms



Source: Meta Future of Business survey, March 2022.

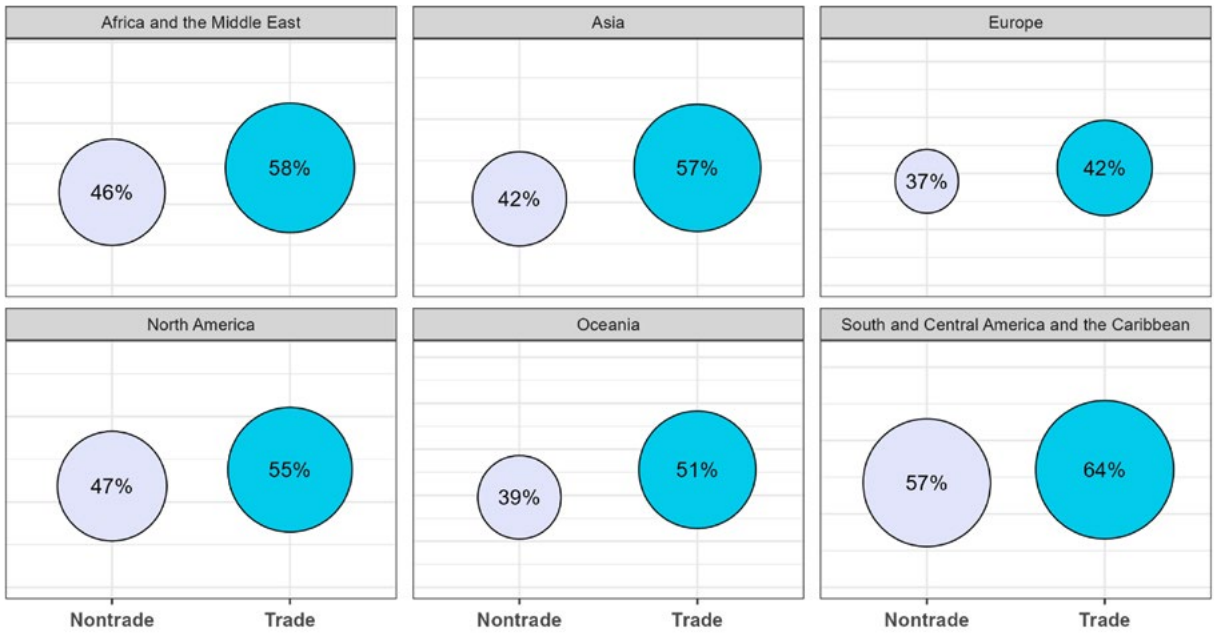
Note: The survey questions are (1) "Over the past 12 months, have you undergone any training to improve your technology (such as internet or computer) skills?" (Answer = Yes) and (2)"Is your business engaged in international trade? "

In Asia, the difference is the most pronounced, with a 15-percentage point gap, as 57 per cent of traders engage in training compared to 42 per cent among those who do not participate in international trade.

Regionally, MSME Facebook users in Asia, Oceania, Africa, and the Middle East display a more significant disparity in undertaking digital training based on whether or not a firm trades internationally. In Asia, the difference is the most pronounced, with a 15-percentage point gap, as 57 per cent of traders engage in training compared to 42 per cent among those who do not participate in international trade. Similarly, in Oceania, Africa and the Middle East, the difference is noteworthy, showcasing a notable 12-percentage point difference (see Figure 16).

Rapid changes in digital skill requirements, especially within tradable sectors, makes skill obsolescence an ever-present threat. The demand for technical expertise in these sectors extends beyond basic digital literacy and encompasses proficiency in areas such as data analytics, digital marketing, e-commerce, supply chain management, and cybersecurity, among others. The development of transferable technical skills that can be applied across various jobs and occupations becomes crucial in this dynamic environment (ILO and WTO, 2017).

Figure 16. Business Facebook Users Having Indicated Undertaking Training, by Region and Trading vs. Non-trading firms



Source: Meta Future of Business survey, March 2022.

Note: The survey questions are (1) "Over the past 12 months, have you undergone any training to improve your technology (such as internet or computer) skills?" (Answer = Yes) and (2)"Is your business engaged in international trade?"

CONCLUSION

This research note provides valuable insights into the active use of digital platforms that serve purposes such as advertisement, communication, e-commerce, and payment transactions. The findings also reveal challenges businesses face in adopting digital platforms, including the lack of technical skills and the financial burden of fees incurred from using these technologies. Additionally, compliance with digital security and legal requirements presents a significant hurdle for many businesses.

Furthermore, the study reveals a digital divide and inequality across different sizes of businesses, regions, and levels of development. Micro, small, and medium-sized enterprise Facebook users, particularly in LDCs and regions like Africa, the Middle East, and Asia, exhibit lower levels of digital platform use compared to larger firms and other regions. To bridge this divide and promote MSME growth, promoting digital training and support, especially in LDCs and developing economies, is crucial to enhance their technology skills and knowledge. One bright spot was the finding that women-owned or managed MSMEs using Facebook incorporate digital platforms more than their male counterparts, suggesting that digital platforms can help women-led MSMEs overcome certain constraints.

Regarding international trade, the research establishes a positive link between engaging in trade and higher rates of digital platform use as well as training uptake to improve technology skills. This connection emphasizes the role of digital transformation in enhancing competitiveness in the global market, while also highlighting the importance of training for MSMEs to equip them with up-to-date skills in trade and technology, enabling them to thrive in the rapidly evolving digital landscape.

In conclusion, digitalization plays a pivotal role in transforming MSMEs, with various studies confirming its significant positive impact, especially for businesses involved in cross-border trade (World Economic Forum, 2023; ABAC, 2018). As the success of MSMEs increasingly depends on their capacity to expand beyond borders and participate in global value chains for resilience, it can be helpful to provide them with access to essential digital infrastructure, comprehensive training, and streamlined processes.

The study reveals a digital divide and inequality across different sizes of businesses, regions, and levels of development. Micro, small, and medium-sized enterprise Facebook users, particularly in LDCs and regions like Africa, the Middle East, and Asia, exhibit lower levels of digital platform use.

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ANNEX

Data Description: March 2022 Meta Future of Business Survey

This research note uses the Future of Business (FoB) survey, which was carried out through Meta's "Data for Good" initiative[9] 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 2021b; OECD 2021c; OECD/European Commission 2021; OECD 2019a). 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 countries and territories with a total sample size of 161,904 participants, covering all levels of development from LDCs to developing and developed economies (see Table 1 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 Small and Medium-Sized Businesses (SMBs) with Facebook pages. Responses are weighted based on the population of Facebook Business Page administrators (Schneider, 2020.). 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 an upward bias in terms of 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. Development Level Based on UN Classification

Level of Development	Economies
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

9 Meta "Data for Good" initiative: https://dataforgood.facebook.com/dfg/tools

Annex Table 2: MSMEs Having Indicated Using Digital Platforms

Economy Body	Use Digital Platform	Economy Body 2	Use Digital Platform 3	Economy Body 3	Use Digital Platform 4
Albania	**84%**	Greece	**90%**	Oman	**79%**
Algeria	**73%**	Guatemala	**93%**	Pakistan	**82%**
Angola	**78%**	Guinea	**78%**	Panama	**91%**
Argentina	**85%**	Honduras	**88%**	Paraguay	**88%**
Australia	**93%**	Hong Kong, China	**88%**	Peru	**90%**
Austria	**92%**	Hungary	**92%**	Philippines	**82%**
Azerbaijan	**81%**	India	**85%**	Poland	**86%**
Bangladesh	**81%**	Indonesia	**82%**	Portugal	**89%**
Belgium	**90%**	Iraq	**83%**	Qatar	**87%**
Benin	**83%**	Ireland	**93%**	Romania	**91%**
Bolivia	**90%**	Israel	**91%**	Saudi Arabia, Kingdom of	**78%**
Bosnia and Herzegovina	**81%**	Italy	**88%**	Senegal	**81%**
Brazil	**89%**	Japan	**74%**	Serbia	**88%**
Bulgaria	**81%**	Jordan	**78%**	Singapore	**90%**
Burkina Faso	**80%**	Kenya	**87%**	Slovakia	**90%**
Cambodia	**82%**	Korea, Republic of	**87%**	South Africa	**85%**
Cameroon	**84%**	Kuwait, the State of	**83%**	Spain	**85%**
Canada	**92%**	Lao PDR	**84%**	Sri Lanka	**91%**
Chile	**91%**	Lebanon	**76%**	Sweden	**92%**
Colombia	**86%**	Libya	**80%**	Switzerland	**93%**
Costa Rica	**92%**	Lithuania	**91%**	Chinese Taipei	**87%**
Cote d'Ivoire	**81%**	Malawi	**86%**	Tanzania	**84%**
Croatia	**92%**	Malaysia	**90%**	Thailand	**81%**
Cyprus	**91%**	Mali	**79%**	Trinidad	**92%**
Czech Republic	**88%**	Mexico	**90%**	Tunisia	**78%**
Denmark	**95%**	Morocco	**81%**	Türkiye	**81%**
Dominican Republic	**85%**	Mozambique	**80%**	Uganda	**87%**
Ecuador	**91%**	Myanmar	**86%**	United Kingdom	**93%**
Egypt	**81%**	Nepal	**83%**	United Arab Emirates	**83%**
El Salvador	**92%**	Netherlands	**90%**	Uruguay	**90%**
Ethiopia	**83%**	New Zealand	**94%**	United States of America	**92%**
Finland	**92%**	Nicaragua	**89%**	Viet Nam	**90%**
France	**81%**	Nigeria	**90%**	Zambia	**83%**
Germany	**92%**	North Macedonia	**85%**		
Ghana	**82%**	Norway	**93%**		

Annex Table 3: MSME Purposes of Using Digital Platforms among Those with Only Domestic Sales, by Region

Regions	Advertising	Communication	Sale or purchase of goods or services	Making or receiving payments	Interactions with government	Product or service development
Africa and the Middle East	34%	23%	14%	12%	6%	11%
Asia	29%	23%	15%	15%	5%	13%
Europe	28%	27%	13%	15%	8%	9%
North America	29%	25%	14%	18%	6%	8%
Oceania	25%	25%	14%	18%	8%	9%
South and Central America and the Caribbean	38%	24%	13%	11%	3%	10%
Average	**31%**	**25%**	**14%**	**14%**	**6%**	**10%**

Annex Table 4: MSME Purposes of Using Digital Platforms among Those with International Sales, by Region

Regions	Advertising	Communication	Sale or purchase of goods or services	Making or receiving payments	Interactions with government	Product or service development
Africa and the Middle East	27%	20%	18%	14%	8%	13%
Asia	24%	20%	20%	15%	8%	14%
Europe	23%	23%	18%	18%	8%	11%
North America	23%	21%	19%	18%	9%	10%
Oceania	23%	21%	18%	18%	8%	12%
South and Central America and the Caribbean	30%	23%	15%	16%	5%	11%
Average	**25%**	**22%**	**18%**	**16%**	**8%**	**12%**

Annex Table 5: MSMEs Having Responded "Yes" to the Question "Over the past 12 months, have you undergone any training to improve your technology?"

Albania	**44%**	Greece	**43%**	Oman	**53%**
Algeria	**47%**	Guatemala	**60%**	Pakistan	**51%**
Angola	**57%**	Guinea	**58%**	Panama	**58%**
Argentina	**55%**	Honduras	**56%**	Paraguay	**58%**
Australia	**39%**	Hong Kong, China	**36%**	Peru	**59%**
Austria	**42%**	Hungary	**42%**	Philippines	**48%**
Azerbaijan	**42%**	India	**45%**	Poland	**32%**
Bangladesh	**53%**	Indonesia	**43%**	Portugal	**43%**
Belgium	**36%**	Iraq	**47%**	Qatar	**44%**
Benin	**51%**	Ireland	**40%**	Romania	**37%**
Bolivia	**74%**	Israel	**44%**	Saudi Arabia	**45%**
Bosnia and Herzegovina	**40%**	Italy	**44%**	Senegal	**52%**
Brazil	**55%**	Japan	**37%**	Serbia	**38%**
Bulgaria	**37%**	Jordan	**47%**	Singapore	**46%**
Burkina Faso	**52%**	Kenya	**52%**	Slovakia	**37%**
Cambodia	**56%**	Korea, Republic of	**42%**	South Africa	**47%**
Cameroon	**57%**	Kuwait, the Stae of	**42%**	Spain	**52%**
Canada	**42%**	Lao, PDR	**37%**	Sri Lanka	**68%**
Chile	**52%**	Lebanon	**43%**	Sweden	**31%**
Colombia	**58%**	Libya	**39%**	Switzerland	**40%**
Costa Rica	**58%**	Lithuania	**45%**	Chinese Taipei	**34%**
Cote d'Ivoire	**36%**	Malawi	**43%**	Tanzania	**53%**
Croatia	**36%**	Malaysia	**45%**	Thailand	**34%**
Cyprus	**43%**	Mali	**51%**	Trinidad	**43%**
Czech Republic	**43%**	Mexico	**59%**	Tunisia	**40%**
Denmark	**29%**	Morocco	**49%**	Türkiye	**30%**
Dominican Republic	**61%**	Mozambique	**48%**	Uganda	**52%**
Ecuador	**61%**	Myanmar	**37%**	United Kingdom	**32%**
Egypt	**52%**	Nepal	**57%**	United Arab Emirates	**52%**
El Salvador	**57%**	Netherlands	**30%**	Uruguay	**49%**
Ethiopia	**60%**	New Zealand	**43%**	United States of America	**46%**
Finland	**39%**	Nicaragua	**55%**	Viet Nam	**64%**
France	**27%**	Nigeria	**61%**	Zambia	**41%**
Germany	**42%**	North Macedonia	**49%**		
Ghana	**57%**	Norway	**36%**		

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