

## **Alibaba.com Report Finds MSMEs to be the “Backbone of the Post-Pandemic Economy”**

*Global B2B e-commerce company, Alibaba.com, partners with AliResearch to co-publish a report that reveals telling research on the survival of Micro- Small- and Medium-sized Enterprises (MSMEs) throughout and beyond the pandemic in time for MSME Day 2022.*

**Geneva, June 27, 2022** – To commemorate MSME Day 2022 on June 27, Alibaba.com and AliResearch Institute, Alibaba Group’s research arm, published the report “Challenges, Responses, and Transformation of MSMEs in the Post-Pandemic Era”. The report takes a multi-focal look at how Micro-Small- and Medium-sized Enterprises (MSMEs) fared through the pandemic to provide a better understanding of what action businesses took in order to survive, revealing key findings that include:

- **MSMEs are critical to the global economy**, comprising 90% of businesses worldwide and contributing 70%+ of global employment and 50-60% of GDP.
- **MSMEs were hit hard by the pandemic, with micro-businesses suffering disproportionately:** up to 70% of global MSMEs saw sales decline with two-thirds reporting their sales dropped by 40%.
- **MSMEs’ offline business has been severely disrupted by lack of demand while online sales have skyrocketed; digitalization is an effective way for MSMEs to risk-proof their business:** the survival rate of MSMEs is 7 percentage points higher in the regions with the highest e-commerce penetration than in those with the lowest.

This research report was led and drafted by Professor Gan Li, an economist at Texas A&M University, and his academic research team, based on key findings from a quantitative survey among MSMEs led by Alibaba.com and AliResearch, as well as studies through a wide variety of relevant public and academic information sources. The report is available in multiple languages and can be downloaded [here](#).

The United Nations General Assembly designated 27 June as Micro-, Small and Medium-sized Enterprises Day (A/RES/71/279) in order to raise awareness of the contribution that small businesses make to sustainable, inclusive and resilient economic growth and, shared prosperity and decent work for all.

One of the most significant observations of the Alibaba.com report is that MSMEs are not only the backbone of the post-pandemic economic recovery but also a key contributor to a more inclusive and diverse economy. According to the report, MSMEs account for 90% of businesses, 60-70% of

employment, and 50% of GDP worldwide. In the US, 28% of small businesses are minority-owned, and 33% are women-owned<sup>1</sup>.

The research also uncovered that of all MSMEs, the pandemic took the largest toll on smaller MSMEs. This was to be expected since many smaller businesses simply did not have the resources or infrastructure to roll with the punches of repeated shutdowns, local restrictions, shortages, and other issues caused by the pandemic.

Less than a quarter of MSMEs escaped the negative effects of the pandemic-- with only 23.5% of MSMEs not suffering from a decline in sales. Two-thirds of MSMEs had business drop by 40%. These statistics only begin to encompass the effects of the pandemic that has now been going on for over two years.

“We have to recognize that MSMEs are not only critical economic players but their health and prosperity are also critical to a full and sustainable global economic recovery. Consequently, we have released this report to help return MSMEs to the center stage and facilitate broader and more practical discussions about supporting MSMEs and equipping them for greater economic impact,” said Hongbin Gao, Vice-president of Alibaba Group, Head of AliResearch Institute.

Digital transformation has proven to be a lifeline to many MSMEs during the pandemic, by reducing their costs, providing timely access to information, optimizing workflows, and expanding into new markets. Although e-commerce was already very popular in retail, the pandemic has sped up its adoption in the wholesale and manufacturing industries.

The research revealed that the survival rate of MSMEs is 7 percentage points higher in the regions with the highest e-commerce penetration than in those with the lowest. In addition, the economic downturn was less severe in regions with higher e-commerce penetration rates.

Andrew Zheng, Vice-President of Alibaba.com, said, “The pandemic has changed global trade forever. There is no denying that businesses and individuals have suffered tremendously. However, the creativity and ingenuity that MSMEs have put into action to overcome the many hurdles created by the pandemic are nothing short of impressive. E-commerce may have served as a survival mechanism throughout the pandemic, but moving forward, it will remain a valuable tool for global trade. Social selling, live commerce, virtual trade shows, and request for quotation (RFQ) marketplaces allow sellers to get creative in how they reach their audiences and make it easier for them to connect with their ideal clients. Through digitalization, MSMEs can also easily access insights related to internet traffic, demand forecasting, and other key analytics that empower them to make better decisions for their businesses.”

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<sup>1</sup> OECD, 2021, SME and Entrepreneurship Outlook 2021

## **About Alibaba.com**

The first business unit of Alibaba Group, Alibaba.com is a leading platform for global B2B e-commerce that aims to make it easy to do business anywhere. Launched in 1999, Alibaba.com is engaged in services covering all aspects of commerce, including providing businesses with tools that help reach a global audience for their products and helping buyers discover products, find suppliers, and place orders online fast and efficiently. It serves millions of buyers and suppliers from over 200 countries and regions around the world.

## **About AliResearch Institute**

Established in 2007, AliResearch serves as a platform to consolidate efforts from enterprises, academics and research institutions to help market players and industries to accelerate digital transformation.

As the research arm of Alibaba Group, AliResearch has been closely tracking the constant changes and innovations brought by the new era of digital technology.

Aided by a full spectrum of innovative use cases stemming from Alibaba's ecosystem, the institute stays at the forefront of producing insightful thinking and crucial findings on the country's fast developing digital economy.

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