



SMALL AND MEDIUM ENTERPRISES WILL USE GENERATIVE AI. BUT HOW CAN THEY BE HELPED TO IMPLEMENT IT PROPERLY?

KEY RECOMMENDATIONS FOR IMPROVING SME USE OF GENERATIVE AI

Generative AI is changing the way our economies and businesses operate, and SMEs could be receiving more benefits from this transition. Over the past 12 months in the RAISE project we have been working with SMEs in the UK and across African nations to understand what needs to change so that SMEs can smoothly transition into generative AI-enabled economies. This is what we have learned about their needs from policymakers:

DEVELOP, VALIDATE, AND DISSEMINATE GUIDELINES

Develop model guidelines for small and medium enterprises

PROVIDE RESOURCES AND ALLIANCES

Equip SMEs with the right context-based resources

INCLUDE SMEs IN STANDARDISATION

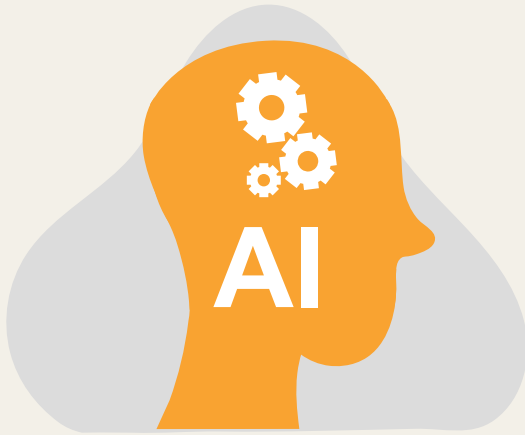
Develop support for SME involvement in AI standardisation processes

GROW INTERNATIONAL PARTNERSHIPS

Deepen international partnerships to leverage AI for public good

LEVEL THE PLAYING FIELD

Support pro-competition regulation



SME Gen AI needs

- Pro-innovation environment
- Regulatory certainty
- Guidance
- Training
- Investment



Challenges

- Lack of resources
- Specialised knowledge
- Lack of control
- Large provider dependence
- Contractual terms and conditions
- Variance in socio-cultural needs, expectations and context
- Pace of development

HOW SMES ARE CURRENTLY USING GENERATIVE AI

There has been a surge in adoption of Generative AI by SMEs in order to maintain market competitiveness. However, SMEs face potential challenges which affect the successful integration of these technologies into their products, services, and processes. To understand the challenges, mitigation strategies and potential requirements for the successful adoption of generative AI it is imperative to co-create guidelines based on the first-hand experience of SMEs who encounter such challenges daily and try to navigate the hurdles that are presented. After carrying out qualitative research with key stakeholders, a total of 23 interviewees at 9 companies, as well as desk-based research including building on insights from our previous projects SIENNA and SHERPA, we have

identified key recommendations for policymakers looking to address the needs of SMEs in generative AI. These cover executive, regulatory, legislative, and international functions.

WHAT SMES TOLD US THEY NEED

1. DELIVER VALIDATED GUIDELINES

Develop and widely disseminate model generative AI guidelines or policy for small and medium enterprises

SMEs have expressed a need for guidance on generative AI that they can incorporate internally. The [RAISE project guidelines](#) can inform organisations' policies. In other contexts, there are valuable conceptual schemes in this area, including the [UK Generative AI Framework for Government](#).



Such model guidelines are especially effective when they are validated, properly disseminated, and carry customisation and implementation guidance helping organisations to adapt the guidelines to their own specific industry and commercial context.

2. DEVELOP HUMAN CAPITAL

Equip SMEs with the right context-based resources

There is significant marginal benefit to be obtained in developing human capital, including upskilling, in SMEs (and addressing responsible AI). This includes enhancing support for research and innovation ecosystems and partnerships through the development of innovation hubs such as the [Digital Catapult](#) and the [Hartree Centre](#), and Kenya's [iHub](#), which provide resources for SMEs to collaborate with larger companies and academic institutions. Similarly, regulators can identify ways to support and encourage industry-led initiatives like Google's [Accelerator \(Africa\)](#) programme. There is an imperative to adapt such initiatives to the needs of specific contexts, relating them to local challenges and opportunities, whether in the UK, Africa, or elsewhere.

3. INCLUDE SMEs IN STANDARDISATION

Develop support for SME involvement in AI standardisation processes

Although standards are one of the first lines of policy, it is challenging for SMEs to find the resources to participate in these processes. There are [longstanding efforts to counteract this problem](#), including through training, support, travel allowances, and co-financing. The widespread ongoing standardisation efforts in all aspects of AI will be significantly enriched by the input of SME stakeholders at all levels. Policymakers should implement support, guidance, and resources to ensure SME involvement in AI standardisation processes.

4. GROW INTERNATIONAL PARTNERSHIPS

Deepen international partnerships to leverage AI for public good and reduce uncertainty

AI regulation is an international effort. This is evident in numerous initiatives, such as the [recent joint statement](#) by the UK Competition and Markets Authority alongside EU and US regulators, as well as the AI Safety Summits. Businesses are especially concerned about uncertainty that can be created by major policy/legislative efforts that have cross-border effects. SMEs especially will value support in transition and consistency that is designed into regulation. Effective international and regional cooperation in developing AI infrastructure and innovation ecosystems can help to address this. International partnerships should leverage AI for public good, in line with responsible AI principles, transparency, accountability, and human rights. African nations and SMEs should be empowered to actively participate in the global AI landscape. An exemplar is the [OECD-African Union \(AU\) Artificial Intelligence \(AI\) dialogue](#), which focused on the need for global cooperation in promoting trustworthy AI.

5. LEVEL THE PLAYING FIELD

Address market asymmetries and encourage dominant providers to lead in the responsible adoption of generative AI tools by SMEs through pro-competition regulation

Generative AI tools adopted by SMEs are expected to be made available largely through existing large-scale providers. SMEs have limited power to interrogate, challenge, or negotiate the AI products offered to them. Furthermore, SMEs can be vulnerable to being crowded out of markets. To ensure SMEs thrive and can deploy generative AI responsibly, strong competition regulation will be crucial in the face of the market disruption that the technology causes. This regulation will occur through mechanisms such as the codes of conduct and pro-competition interventions implemented



by the UK Competition and Markets Authority, especially in the light of its enhanced role under the Digital Markets, Competition and Consumers Act 2024. Policymakers should ensure that regulators are properly supported to deliver competitive, responsible markets.

RESOURCES

To learn more about RAISE, go to [Responsible Generative AI for SMEs in UK and Africa \(raise-project.uk\)](https://raise-project.uk).

Report: [RAISE Guidelines, version 1, 2024](#) (open for stakeholder feedback)

[SIENNA project](#)

[SHERPA project](#)

Bernd Carsten Stahl, Damian Eke, '[The ethics of ChatGPT - Exploring the ethical issues of an emerging technology](#)'. International Journal of Information Management Volume 74, 2024.

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