AI readiness divide revealed: Small businesses at risk of being left behind

LONDON, UNITED KINGDOM, July 3, 2025 /EINPresswire.com/ -- New research from the Institute of Coding, based on a survey of 500 SME leaders across sectors from manufacturing to human health, reveals a stark and growing divide in the UK's AI readiness. While larger SMEs are embracing AI confidently, micro businesses and sole traders are lagging behind—risking their ability to compete in an AI-powered economy.

Clear scale advantage in AI readiness

The data reveals a striking pattern of AI confidence that correlates directly with business size. While 82% of medium-sized businesses and 73% of small businesses believe their organisations have the skills to take advantage of AI opportunities, the overall average across all SME categories is just 37%.

With 5.45 million small businesses in the UK (0–49 employees) and over 3.1 million sole proprietorships, these less-resourced organisations make up the backbone of the UK economy—yet they are being left out of the AI transformation.

There is a clear risk of a two-tier economy where larger SMEs race ahead while the smallest enterprises struggle to keep pace, despite their impact on the economy.

From AI curiosity to capability: A missing bridge

Even when SMEs are aware of AI tools like ChatGPT or Otter.ai, 33% report internal barriers to adoption.

Only 27% of SME leaders feel confident about overseeing AI tools effectively, indicating a gap not just in awareness, but in governance, strategy, and implementation.

Meanwhile, despite high enthusiasm for AI, only 12% of businesses have invested in AI-related training for staff.

There is the growing number of small companies providing AI products and services, of which 63% are micro businesses, however those outside the AI sector and without knowledge are struggling to keep up.

Practical skills training emerges as priority

Whilst small AI focused businesses are racing ahead, ensuring learning courses that are accessible at all career levels, funded and designed by businesses, will be essential to help groups such as sole traders and micro businesses catch up with the higher skill levels already achieved by small and medium enterprises.

The Institute of Coding, led by the University of Bath, is a national collaboration of universities, charities and employers is responding with free, practical short courses designed to take learners from basic AI awareness to real-world capability.

These courses are available to everyone - from a founder, freelancer, to employees at all levels - in an effort to level the playing field and participants won't need to pay a penny to improve their AI and digital skills while gaining the knowledge needed for practical implementation.

National strategy must go further

The UK Government's AI Opportunities Action Plan and TechFirst programme aim to train 7.5 million workers by 2030.

But the research reveals that 59% of SMEs want a national AI skills strategy tailored to all career levels and all business sizes—not just large enterprises or students.

75% of SMEs say businesses need clearer guidance on the AI skills their teams will need in the next 3–5 years as 41% believe those who fail to adopt AI will not remain competitive.

Professor Rachid Hourizi MBE, Director of the Institute of Coding, said: "We're pleased to see a thriving number of micro businesses and sole traders who have a core focus on AI, but the research reveals a concerning AI readiness divide that threatens to create a two-tier business economy. While larger SMEs are demonstrating strong confidence in their AI capabilities, the overall average of just 37% shows that micro businesses and sole traders in non-tech focused sectors are being left behind.

"This isn't just about individual business success – it's about ensuring the entire UK economy can participate in the AI transformation. The smallest businesses often form the backbone of local economies and employment, so we cannot afford to see them excluded from AI adoption.

"The UK has momentum, vision, and investment behind AI. But unless micro businesses and sole traders are explicitly included in the national delivery plan, the benefits of AI will concentrate, not democratise. The Institute of Coding's work is not just aligned with the UK strategy, it is essential to making it real for every corner of the economy."

Further details can be found here: https://instituteofcoding.org/

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