

# Generative AI and the SME Workforce

New Survey Evidence





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**NEW SURVEY EVIDENCE**



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# Foreword

Artificial Intelligence (AI) is expected to profoundly change all aspects of society, including work. The biggest recent advances have been in tools that generate text, images, video or audio, also known as “generative AI”. Tools such as ChatGPT, Copilot and Midjourney are being embraced by businesses and workers across the OECD, in the search for improvements in worker productivity and in job quality, among other potential benefits. Policy and institutions play an important role in steering AI towards these positive outcomes, enabling businesses of all sizes to pursue these benefits, empowering workers to effectively use AI and to prepare for labour market transformation.

This study collects new survey data across seven countries on how SMEs use generative AI to address skill and labour needs and how SMEs are preparing employees to use generative AI. It contributes to the existing evidence by delivering: comparable and representative data for each country based on a comprehensive definition of generative AI; a systematic analysis of the reported labour market impacts of generative AI; and insights to inform policy to close digital and skill divides between companies of different sizes.

This study was set in motion thanks to early support from the UK Economic and Social Research Council, for which the OECD Secretariat is very grateful. The study also benefitted from support from: Austria's Federal Ministry of Labour, Social Affairs, Health, Care and Consumer Protection; the Department for Employment and Social Development Canada; the German Federal Ministry of Labour and Social Affairs (BMAS); Ireland's Department of Enterprise, Trade and Employment; the Japanese Ministry of Health, Labour and Welfare; and the Ministry of Foreign Affairs of the Republic of Korea. Thanks also to Ipsos NV, who carried out the fieldwork.

This report was prepared by Marguerita Lane and Carla Ruggiu from the Directorate for Employment, Labour and Social Affairs, under the supervision of Stijn Broecke and Glenda Quintini. Special thanks to Marco Bianchini and the Digital4SME Initiative for sharing their valuable insights on digitalisation and AI take-up among SMEs throughout the course of this project. The report benefitted from helpful comments provided by colleagues from the Directorate for Employment, Labour and Social Affairs (Shizuka Kato, Jiyun Lee, Fabio Manca, Anna Milanez, Patricia Navarro-Palau, Mark Pearson, Anne Saint-Martin and Takahiro Toda), from the Centre for Entrepreneurship, SMEs, Regions and Cities (Marco Bianchini and Andrew Paterson) and from the Directorate for Science, Technology and Innovation (Celine Caira, Julia Carro, Hélder Costa, Flavio Calvino, Alice Holt, Lucia Russo and Lea Samek). Thanks to Natalie Corry and Hanna Varkki for providing publication support.

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# Executive summary

Small- and Medium-sized Enterprises (SMEs) are a cornerstone of labour markets, accounting for over 99% of companies and 60% of business sector employment in OECD economies. Yet they are especially vulnerable to labour shortages and skill gaps, which dampen their growth prospects, their competitiveness and their resilience in the face of change. This study explores the potential for generative AI – tools that generate text, images, video or audio, such as ChatGPT, Copilot and Midjourney – to help SMEs address these challenges, by improving employee performance or by performing tasks that employees cannot do.

In late 2024, the OECD surveyed over 5 000 SMEs in Austria, Canada, Germany, Ireland, Japan, Korea and the United Kingdom, interviewing the individual within each SME with the best overview of the technologies used in the company (often the owner or manager). The survey delivers representative cross-country data on how SMEs use generative AI, how its use may be helping to address labour and skill needs, and how SMEs are preparing employees to use generative AI.

**Generative AI has democratised the use of AI.** While AI used to be the preserve of large firms, lower costs and data requirements mean that nearly a third of SMEs now use generative AI. It is used (by the respondent or a colleague) in 31% of SMEs, ranging from 24% in Japan to 39% in Germany. While SMEs in service sectors are the most likely to use generative AI, use cases are observed in every sector, underscoring the wide applicability of generative AI and its potential to impact workers across the entire economy.

**Generative AI helps SMEs achieve more, mainly by improving employee performance.** 65% of SMEs using generative AI report that it helped increase employee performance, more than say it enabled them to scale up (35%), to compete with larger companies (29%) or to increase revenue (26%).

**Generative AI helps SMEs compensate for skill gaps and labour shortages.** Among SMEs that use generative AI and have experienced a skill gap, 39% say that generative AI helped compensate for it. This figure is even higher (46%) where SMEs report that generative AI has improved employee performance, indicating that generative AI is particularly beneficial where a lack of skills is the main constraint for employee performance. SMEs not using generative AI are also optimistic that it could help them address skill gaps (42%) and worker shortages (24%), suggesting some untapped potential.

**For a third of SMEs, using generative AI has reduced staff workload,** or the entrepreneur's own workload in the case of a one-person business. In cases of overwork, technology that reduces workload by automating tasks and generating efficiencies may be very welcome. In addition, 14% of SMEs say generative AI has reduced their reliance on external contractors, possibly because it enables SMEs to perform tasks they previously would have outsourced.

**Yet generative AI does not appear to lead SMEs to cut jobs.** The vast majority of SMEs (83%) report that generative AI has had no effect on overall staff need. While AI might be expected to increase staff need by boosting productivity and consumer demand or decrease staff need by automating tasks, there are only modest signs of change, suggesting that SMEs prefer to wait before making internal staffing adjustments. 6% of SMEs report an increase in staff needs while 9% report a decrease.

**Skills are essential for SMEs to use generative AI effectively.** Although generative AI performs impressively on many cognitive tasks, it does not remove the need for skilled workers. Twice as many SMEs say that generative AI increases skills needs (20%) – i.e. increases the need for highly skilled workers relative to lower-skilled workers – as say that it decreases them (9%). For workers, data analysis and interpretation skills and creativity and innovation skills are perceived as the skills that have increased the most in importance due to generative AI.

**Barriers to adopting generative AI include: unsuitability to the SME's work** (reported by 57% of non-adopters); concern about copyright, legal or regulatory issues (54%) and about what happens to the information fed into generative AI models (52%); and a lack of skills among employees (50%). Most SMEs (86%) hold neutral or positive attitudes toward generative AI, while only 2% prohibit its use. Attitudes towards generative AI do not therefore appear to be a major barrier.

**Governments can help SMEs unlock the potential of generative AI,** help close digital and skills gaps between SMEs and larger firms, and help ensure that any gains from generative AI are broadly shared across the economy and the workforce. Currently, a third or fewer of SMEs using generative AI are taking measures to train staff, set internal guidelines, or research copyright, legal, and regulatory issues. Government support can help these SMEs to harness the full potential of generative AI, while overcoming barriers to use for SMEs not currently using it. For instance, government intervention may be needed to promote AI literacy in the general population and to address the specific challenges that SMEs face in investing in training. In the survey, SMEs particularly welcome government support in the form of training, financial assistance, information campaigns and business mentoring.

# 1 Introduction

## Generative AI: a transformative technology for SMEs?

Small- and Medium-sized Enterprises (SMEs) are a cornerstone of labour markets, accounting for over 99% of companies and 60% of business sector employment in OECD economies (OECD, 2023<sup>[1]</sup>). Yet they consistently lag larger companies in digitalisation and advanced technologies and are especially vulnerable to skill gaps (Bianchini and Lasheras Sancho, 2025<sup>[2]</sup>; OECD, 2024<sup>[3]</sup>). These challenges not only affect individual SMEs and their employees, but also constrain overall productivity and economic growth. The questions of how to close these digital and skill gaps, how to enable SMEs to use AI in a trustworthy manner, and how to help them comply with regulations and standards, are of prime importance to the OECD and its member countries.

To better understand the potential for generative AI to address these challenges, the OECD conducted a survey at the end of 2024 with over 5 000 SMEs across seven countries. The survey examines: to what extent and how SMEs use generative AI; the perceived benefits (including the potential to improve productivity); the impact on labour and skills needs (including where the SME is experiencing shortages); barriers to use; and what measures SMEs are taking to prepare employees to use generative AI.

Insights from the survey are intended to help policymakers identify the impacts of generative AI already being experienced within SMEs in their countries and to develop policy to close digital and skill divides between companies of different sizes.

## Survey methodology

The survey covered 5 232 SMEs in Austria, Canada, Germany, Ireland, Japan, Korea and the United Kingdom. The OECD commissioned Ipsos NV to undertake the survey of SMEs, defined for the purpose of the survey as companies with up to 249 employees (i.e. including one-person companies). Interviewers asked to speak to the person with the best overview of the technologies used in the company, often the owner or manager, as described in Box 1.1.

The main fieldwork was conducted between 14 October and 6 December 2024, in English, French, German, Japanese and Korean as needed. It was conducted as a telephone survey (CATI or Computer Assisted Telephone Interviewing), with sampling frames provided by TSR Data for Japan, SMTp for Korea, and Dun & Bradstreet for all other countries, all recent high-quality and high-coverage business registers.<sup>1</sup> A stratified random sampling approach by country, company size and sector was used to draw the sample.

### Box 1.1. How respondents were recruited for the survey

Initial communications with prospective respondents purposefully omitted the terms “generative Artificial Intelligence” and “Artificial Intelligence” when describing the survey, to avoid biasing participation towards SMEs where AI or generative AI is in use. Instead, initial communications referred to a survey on the topic of “technology”. Interviewers asked to speak to the person with the best overview of the technologies used in the company. They explained that usually this would be the owner or manager of the company, but that it could also be a specific manager for technology if there was one.

Only SMEs where this individual had heard of “generative AI” were screened into the survey. The following definition was used to establish the concept as clearly and consistently as possible:

*In this interview, I'm going to ask you about technologies that use artificial intelligence to generate text, images, video or audio. These technologies are sometimes called “generative artificial intelligence” or “generative AI”. ChatGPT is an example of generative AI used to generate text [in Korea, HyperCLOVA X was also given as an example]. For instance, ChatGPT could be used to write an email or create content for a website. Microsoft Copilot is an example of generative AI used to write code for a computer program. Stable Diffusion is an example of generative AI used to generate images.*

Where the individual most knowledgeable about technology within the SME had not heard of “generative AI”, it was considered that they would be unable to respond knowledgeably to the interview questions. These SMEs were therefore screened out of the survey, although they were taken into account later when weighting the data and calculating the proportion of SMEs using generative AI.

Table 1.1 and Table 1.2 provide a breakdown of the survey sample (raw numbers and weighted percentages) by country, sector and company size. Throughout this report, results are weighted (by the number of firms rather than by number of employees) to ensure that the analysis is representative of the underlying population of SMEs in the countries studied, in terms of these characteristics, as reflected in official statistics.

**Table 1.1. Descriptive statistics – number of surveys completed**

Number of surveys completed by country, NACE sector grouping and size

	Country								
	United Kingdom	Germany	Japan	Korea	Austria	Canada	Ireland	Total	
		Number of observations							
NACE Sector (The Statistical Classification of Economic Activities in the European Community)									
Manufacturing, mining, and agriculture (A, B, C)	91	109	42	76	74	83	58	533	
Construction, engineering, and waste collection and treatment (D, E, F)	97	102	53	73	85	122	123	655	
Trade, transport, food / accommodation, and arts / entertainment activities (G, H, I, R)	243	247	179	376	294	274	276	1 889	
Information and communication, financial / insurance, real estate, professional / administrative activities, other services (J, K, L, M, N, S)	293	244	89	250	248	214	258	1 596	
Public administration and defence; compulsory social security, education, human health and social work (O, P, Q)	77	104	37	36	104	111	90	559	

Size	Country							
	United Kingdom	Germany	Japan	Korea	Austria	Canada	Ireland	Total
1 employee	300	174	135	299	271	231	325	1 735
2 to 9 employees	187	290	102	206	246	130	196	1 357
10 to 49 employees	176	205	96	183	170	258	157	1 245
50 to 249 employees	138	137	67	123	118	185	127	895
Total	801	806	400	811	805	804	805	5 232

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

**Table 1.2. Descriptive statistics – composition of the weighted sample**

Percentage of total surveys completed (weighted) by country, NACE sector and size

	Country							
	United Kingdom	Germany	Japan	Korea	Austria	Canada	Ireland	Total
% of total (weighted)								
NACE Sector (The Statistical Classification of Economic Activities in the European Community)								
Manufacturing, mining, and agriculture (A, B, C)	7.1	6.5	10.7	9.7	4.8	5.2	3.8	6.8
Construction, engineering, and waste collection and treatment (D, E, F)	15.0	14.6	11.6	8.8	8.1	15.0	17.3	12.9
Trade, transport, food / accommodation, and arts / entertainment activities (G, H, I, R)	30.7	30.4	43.1	53.3	30.6	30.9	27.1	35.1
Information and communication, financial / insurance, real estate, professional / administrative activities, other services (J, K, L, M, N, S)	42.2	39.3	24.6	21.1	38.9	35.5	41.2	34.7
Public administration and defence; compulsory social security, education, human health and social work (O, P, Q)	4.9	9.2	10.2	7.1	17.7	13.5	10.6	10.5
Size								
1 employee	56.0	31.5	47.9	53.7	50.1	51.4	58.8	49.9
2 to 9 employees	34.8	53.4	37.3	40.8	42.6	29.0	34.4	38.9
10 to 49 employees	7.8	12.9	12.1	4.7	6.1	16.2	5.6	9.3
50 to 249 employees	1.5	2.2	2.7	0.8	1.1	3.4	1.2	1.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

The full questionnaire in English, as well as more information on the sampling approach, fieldwork, data cleaning and weighting is provided in the technical report available on the OECD website.

## Brief literature review

The purpose of this literature review is to provide context for the survey, to identify the main gaps that this report seeks to address, and to establish a basis for comparing survey results with existing evidence.

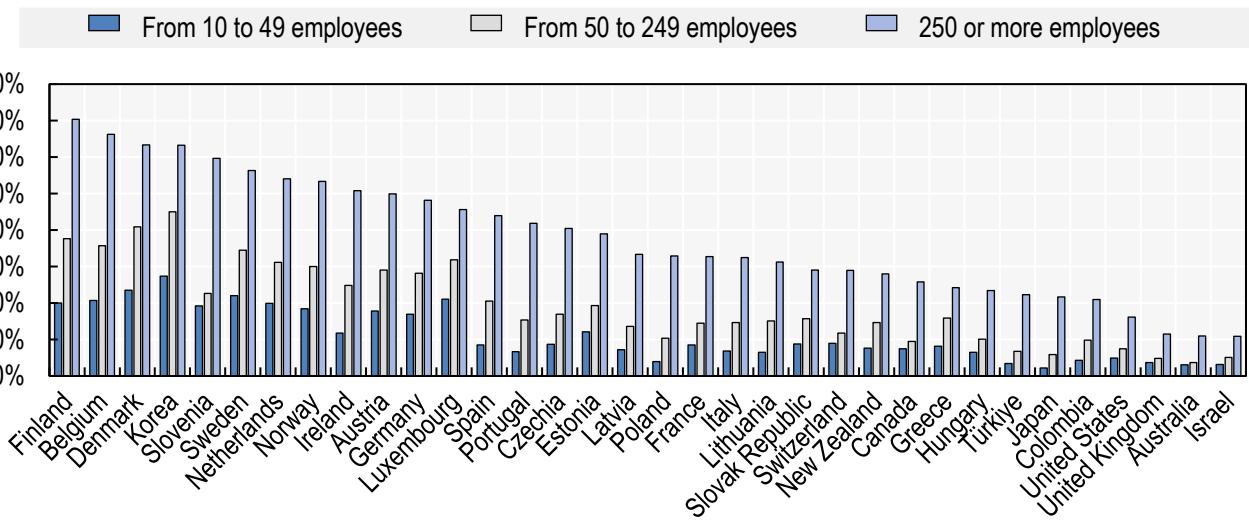
### ***Large companies are more than twice as likely to use AI than SMEs***

According to national statistics aggregated by the OECD, AI (including generative and non-generative AI) is used in 40.1% of large companies on average across OECD Member countries, while only in 20.4% and 11.9% of medium and small companies respectively. Large companies are more likely to use AI than SMEs in all countries included in Figure 1.1. This finding is common to many major studies of companies' use of

AI, including the OECD employer survey on the impact of AI on the workplace (Lane, Williams and Broecke, 2023<sup>[4]</sup>) and the US Annual Business Survey (Zolas et al., 2020<sup>[5]</sup>). Analysing official surveys across 11 OECD countries with a harmonised methodology, OECD analysis has established that this gap remains when comparing firms operating in the same sectors and even after accounting for the role of other confounding factors such as firm age or assets composition (Calvino and Fontanelli, 2023<sup>[6]</sup>).

### Figure 1.1. AI use increases with company size

Percentage of companies reporting use of AI, by country and company size



Note: Latest data available ranges from 2020 to 2024 depending on the country. Eurostat data collection uses standardised questions, facilitating cross-country comparisons. Surveys from other regions differ in design, sectoral coverage and definitions, affecting comparability.

Source: OECD, ICT Access and Usage by Businesses, Businesses using artificial intelligence (AI), <http://data-explorer.oecd.org/s/1r1>, using survey data collected by National Statistical Offices.

Lower use of AI is just one aspect of a widening digital gap between SMEs and larger companies. A recent OECD report (2024<sup>[3]</sup>) describes digitalisation as an important source of resilience for SMEs against economic shocks, as a tool for experimenting with and adopting new, innovative and sustainable business practices, and as a lever to increase productivity, scale up and compete with larger companies. The report shows that although digitalisation among SMEs has increased, SMEs have not kept pace with larger firms. SMEs fall behind due to various factors, including insufficient access to finance and limited organisational capabilities, which can stymie investment in technical equipment as well as efforts to upskill and drive organisational change.

Evidence on the use of AI within microbusinesses (i.e. companies with fewer than 10 employees) is rare. Nonetheless, data collected in five European countries, Belgium, Spain, the Netherlands, Portugal and Sweden, (Eurostat, 2024<sup>[7]</sup>) suggests that AI use by microbusinesses was on average approximately half that of companies with 10 to 249 employees when captured in 2024.

### Generative AI use is growing among SMEs

The use of generative AI has grown rapidly since its inception among SMEs, larger companies and private individuals. On 30 November 2022, OpenAI publicly launched a ChatGPT demo, allowing users to interact with it for free. Users shared examples of its output across social media and, within five days, ChatGPT had reached one million users. Image generation tools such as DALL·E 2, Stable Diffusion and Midjourney,

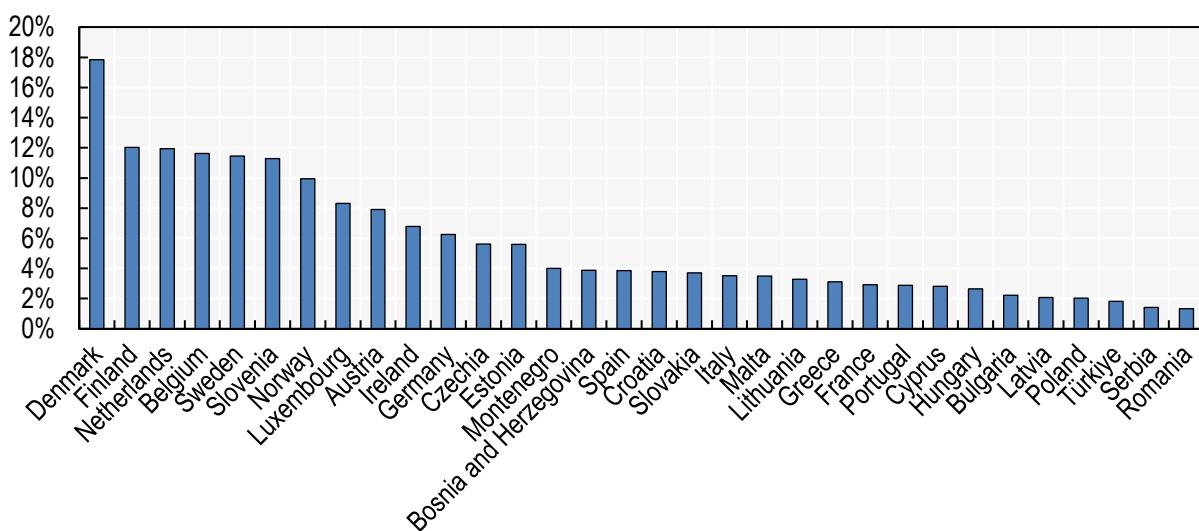
which preceded ChatGPT, also attracted online attention. Microsoft, Anthropic and Google quickly followed by publicly launching their own text generation tools within the following five months. In 2023, global venture capital investments in generative AI firms totalled approximately USD 18 billion, followed by nearly USD 20 billion in 2024 (OECD.AI, 2025<sup>[8]</sup>).

Today, generative AI is widely used for many different tasks. A recent snapshot of Anthropic's text generation tool, Claude.ai, showed that 37% of four million analysed Claude.ai interactions were related to computer and mathematical tasks (such as coding and debugging), 10% to arts and media tasks (possibly reflecting its use for marketing, writing and content generation) and 9% to education and library tasks (Handa et al., 2025<sup>[9]</sup>).

Generative AI holds significant potential for enhancing labour productivity in the workplace. However, there is less evidence on its adoption across companies than there is for AI more broadly. Eurostat provides figures on enterprise use of AI technologies that generate written or spoken language (Natural Language Generation), although it excludes other forms of content generation. According to this indicator, use of AI for language generation in 2024 among SMEs remains modest, with figures ranging from 1.3% in Romania to 17.8% in Denmark (Figure 1.2). Nonetheless, uptake is increasing considerably over time: in 2023 the highest reported use of generative AI among SMEs was just 4.7%, observed in Slovenia. (Eurostat, 2023<sup>[10]</sup>) In the United Kingdom, a 2025 survey of companies of all sizes reveals that 8.2% use Large Language Models (LLMs) for text generation and 7.0% use visual content creation. (Office for National Statistics, 2025<sup>[11]</sup>) In Canada, 8.5% of businesses with one to four employees were already using generative AI in the first quarter of 2024, compared with 14.7% of businesses with 100 or more employees. (Statistics Canada, 2024<sup>[12]</sup>).

### Figure 1.2. Natural language generation use among SMEs

Percentage of SMEs using AI technologies generating written or spoken language (natural language generation)



Note: Companies with 10 to 249 persons employed.

Source: Eurostat (2024<sup>[7]</sup>), [isoc\_eb\_ai] Artificial intelligence by size class of enterprise, 2024,

[https://ec.europa.eu/eurostat/databrowser/view/isoc\\_eb\\_ai\\_custom\\_16529522/default/table?lang=en&page=time:2024](https://ec.europa.eu/eurostat/databrowser/view/isoc_eb_ai_custom_16529522/default/table?lang=en&page=time:2024).

### Can generative AI enable SMEs to achieve more with fewer resources?

Generative AI tools have a few features which could make them particularly attractive to SMEs, as outlined in a recent OECD report on “SME digitalisation to manage shocks and transitions” (2024<sup>[3]</sup>). Many

generative AI tools can be accessed for free or for a low monthly subscription fee, with more advanced features unlocked with a higher fee. Entrepreneurs and employees can interact with generative AI tools in conversational dialogue, without needing to know how to code. Since generative AI tools have been trained on massive amounts of online content, an SME can use the tool to generate basic content regardless of the maturity or scale of its own internal data infrastructure. The report explains that the main implication of this is that generative AI enables SMEs to achieve more with fewer resources, which could be particularly useful for SMEs grappling with labour shortages and skill gaps.

Difficulty finding employees with the right skills is the top-ranking challenge for SMEs in the EU (European Commission, 2023<sup>[13]</sup>), above other challenges such as access to finance and regulatory obstacles. The main consequences are increased workload among staff (reported by 48% of those experiencing this challenge), followed by loss of sales (31%) and reduced profitability and productivity (each 25%). While these shortages affect firms of all sizes, SMEs and entrepreneurs tend to be more vulnerable to short-term skills imbalances compared to large firms, because of their limited capacity to reorganise or outsource activities, automate and attract specialised workers (OECD, 2023<sup>[14]</sup>).

The idea that generative AI could help SMEs meet this challenge is the main research question explored by this survey, which collects new data on how SMEs use generative AI across seven countries. The survey contributes to the existing evidence (including the 2025 OECD D4SME Survey on digitalisation of SMEs, described in Box 1.2.) by delivering:

- data based on a comprehensive definition of generative AI covering text, audio, video and image;
- comparable and representative data for each country;
- a systematic analysis of the reported labour market impacts of generative AI;
- insights to inform policy to close digital and skill divides between companies of different sizes.

### Box 1.2. Connections between this survey and the 2025 OECD D4SME Survey

The 2025 OECD Digital for SMEs (D4SME) Survey examines the digitalisation of small and medium-sized enterprises (SMEs) across ten OECD countries: Australia, Canada, France, Germany, Italy, Japan, Korea, Spain, the United Kingdom, and the United States. The survey was conducted in Q4 2024, contemporaneously to this survey, and gathered answers from 1 009 SMEs using large digital platforms and service providers (Amazon, Intuit, Kakao, Rakuten, Sage). While the scope of the OECD D4SME Survey is broader (covering AI technologies, digital tools, fintech solutions and digital security) than this survey, it also captures valuable insights into SMEs' use of generative AI, complementing the findings in this report. Key insights include:

- **Generative AI is on the rise:** the share of SMEs using generative AI rose by 40% since the previous year. Key barriers to generative AI include concerns about legal issues and data privacy, as this study also shows in Chapter 4. The D4SME report calls on governments to provide tools and resources specifically dedicated to unlocking more advanced, productivity-enhancing uses of large language models (LLMs) by SMEs.
- **Enhancing digital security remains central:** two out of three SMEs do not have "robust" digital security practices in place, suggesting a gap in the knowledge, means and skills needed to ensure safe and responsible digital uptake by SMEs. While this study did not capture information on digital security skills specifically, the D4SME findings suggest scope for developing these skills, alongside the skills mentioned in Chapter 3 (e.g. data analysis and interpretation).

- **Governments can support SME digitalisation:** only 21% of SMEs are aware of government digitalisation support, with only half of this number accessing it. The D4SME report highlights the need for more streamlined and better-targeted initiatives to improve SME access to government digitalisation programmes, a point that also applies to the government supports (training, financial assistance, information campaigns and business mentoring) described in Chapter 4.

Source: (Bianchini and Lasheras Sancho, 2025<sup>[2]</sup>), "SME digitalisation for competitiveness: The 2025 OECD D4SME Survey".

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## Notes

<sup>1</sup> For instance, the Dun and Bradstreet sampling frames were also used for the EU-OSHA Fourth European Survey of Enterprises on New and Emerging Risks (ESENER 2024), and for the European Commission DG ECFIN Financial services Sector Survey (FINA, 2012-2023).

# 2 How are SMEs using generative AI?

## Main findings

**A sizeable share of SMEs use generative AI.** It is in use (by the respondent or a colleague) in 31% of SMEs, ranging from 24% in Japan to 39% in Germany.

**SMEs in service sectors are most likely to use generative AI, but use cases are observed in every sector.** The use of generative AI is highest in the information and communication sector, where it can be used to develop or debug code, and in other sectors involving professional, administrative, and knowledge-based work. However, use cases also emerge in physically intensive sectors (e.g. to create video simulations of architectural designs in the construction sector), underscoring the wide applicability of generative AI and its potential to impact workers across the entire economy.

**Where SMEs use generative AI, they mostly use it for peripheral tasks, aiding operations without fundamentally reshaping production processes.** Among SMEs using generative AI, only 29% report using generative AI in the core activities of their company. Generative AI is used the most for text generation and more for simple, one-off and trivial tasks than for complex, recurring and important tasks, although many SMEs use it for a combination of task types.

**Generative AI helps SMEs achieve more, mainly by improving employee performance.** 65% of SMEs using generative AI report that it helped increase employee performance, more than say it enabled them to scale up (35%), to compete with larger companies (29%) or to increase revenue (26%).

This section examines how SMEs use generative AI, including the characteristics of SMEs using it, the tasks and business functions affected, and perceived benefits.

### Which SMEs are using generative AI?

Overall, generative AI is in use (by the respondent or a colleague) in 30.7% of SMEs, on average across the countries surveyed.<sup>1</sup> 60.5% report having heard of generative AI but that it is not in use, while 8.8% report not having heard of generative AI.<sup>2</sup> This estimate of generative AI use among SMEs is higher than those reported in surveys conducted by national statistical offices; Box 2.1 outlines potential reasons for these divergences. Usage varies significantly by sector, size and country, as the following sections show.

### **Box 2.1. How do the estimates of generative AI use reported in this survey compare to estimates from national statistical offices?**

The estimates of generative AI use among SMEs captured by this survey (on average 30.7% across countries) are higher than the estimates from national statistical offices' surveys presented in Chapter 1 (ranging from 1.3% of SMEs in Romania to 17.8% of SMEs in Denmark in 2024). The following factors could help explain why:

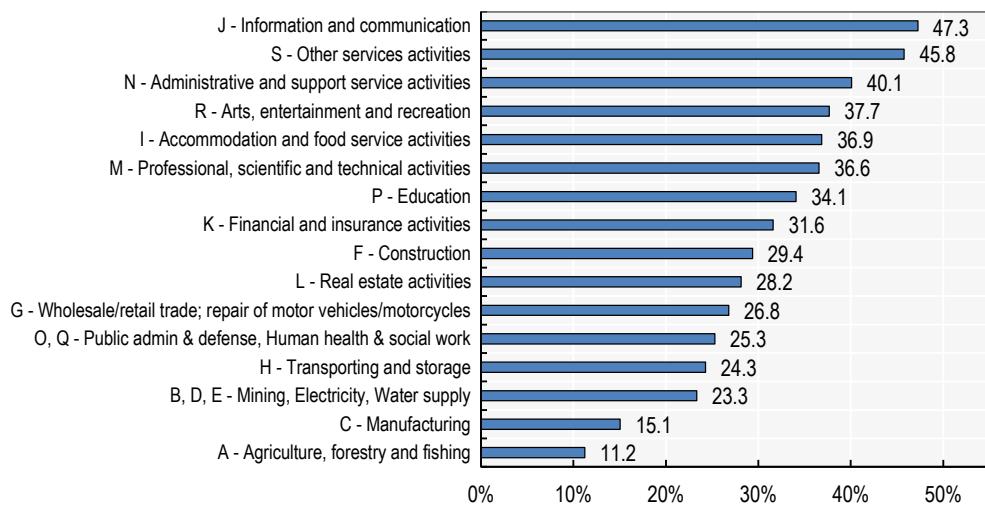
- The definition of generative AI provided in this survey includes generation of text, images, video and audio, and is therefore broader than the definitions provided in other surveys. Eurostat collects figures on enterprise use of AI technologies that generate written or spoken language (Natural Language Generation), however it excludes other forms of content generation. The UK Business Insights and Conditions Survey provides figures for text generation using LLMs and visual content creation, but not for audio generation.
- Respondents to this survey were asked whether anyone in their company, including themselves, ever uses generative AI for work. The question was designed to include use initiated by individual workers as well as use initiated at company level, the latter usually being the focus of national statistical offices.<sup>3</sup>
- Given the rapid increase in generative AI use over time, the recency of this survey's data collection is likely to contribute to higher reported use. National statistical offices following the Eurostat model, as well as the Canadian Survey on Business Conditions, conducted data collection in the first quarter of 2024. This survey was carried out in the last quarter of 2024.
- Many national business surveys are mandatory to complete, whereas participation in this survey was voluntary; while the invitation informed potential participants that this survey concerned "technology" (rather than specifically mentioning "generative AI" or "AI"), this may still have disproportionately attracted responses from more tech-forward employers, more likely to use generative AI.

### **SMEs' use of generative AI is higher in service sectors**

SMEs in service sectors involving professional, administrative, and knowledge-based work are more likely to use generative AI (Figure 2.1). SMEs in the Information and Communication sector report the highest use (47.3%), on average across the countries surveyed. By contrast, SMEs in sectors that rely on physical abilities such as agriculture (11.2%) and manufacturing (15.1%), tend to report the lowest use. This result aligns with data collected by national statistical offices across OECD countries, according to which AI use is higher in service sectors, with the highest use in the Information and Communication sector, and lowest in industries relying on physical abilities, such as the Construction sector.<sup>4</sup>

**Figure 2.1. SMEs' use of generative AI is highest in the information and communication sector**

Percentage of SMEs that report using generative AI, by sector



Note: SMEs were asked: "Does anyone in your company, and please include yourself, ever use generative AI for work?". Some NACE sectors have been combined due to small sample size.

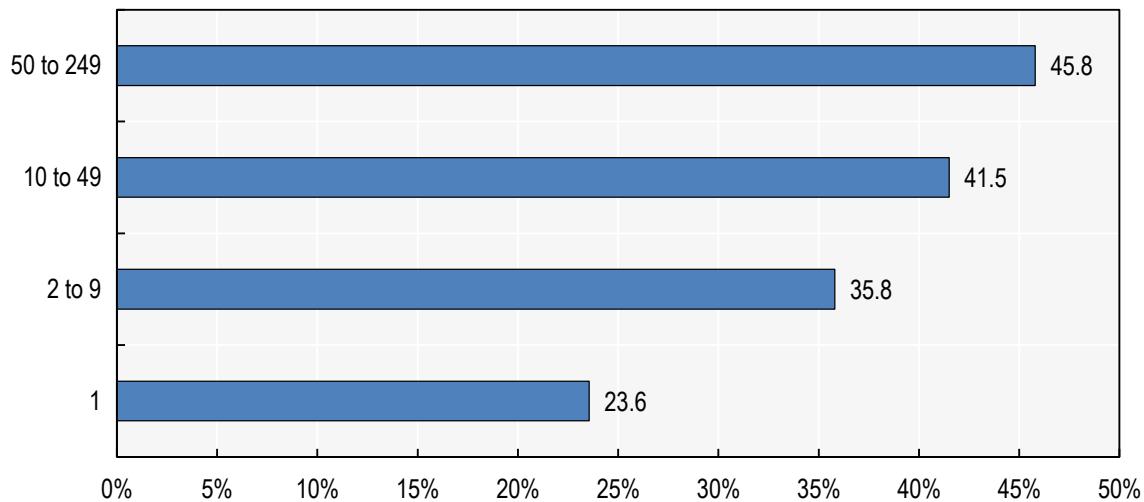
Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024

### **Generative AI use increases with company size**

Medium-sized companies (50 to 249 employees) are more likely to use generative AI than small companies (10 to 49 employees) and micro businesses (<10 employees), as shown in Figure 2.2.<sup>5</sup> One-person companies are the least likely to use generative AI and are half as likely to use it as the largest SMEs (23.6% vs. 45.8%). That use of generative AI increases with company size is consistent with data on AI use from national statistical offices, presented in Chapter 1. Possible explanations are that scale allows barriers to generative AI use (further discussed in Chapter 4) to be overcome, that larger companies are more likely to have dedicated departments for marketing, IT and other common applications for generative AI (discussed later in this chapter), and that higher staff count naturally increases the company's rate of generative AI use if each staff member has a non-zero probability of using it.

## Figure 2.2. One-person companies are half as likely to use generative AI as the largest SMEs

Percentage of SMEs that report using generative AI, by company size



Note: SMEs were asked: "Does anyone in your company, and please include yourself, ever use generative AI for work?"

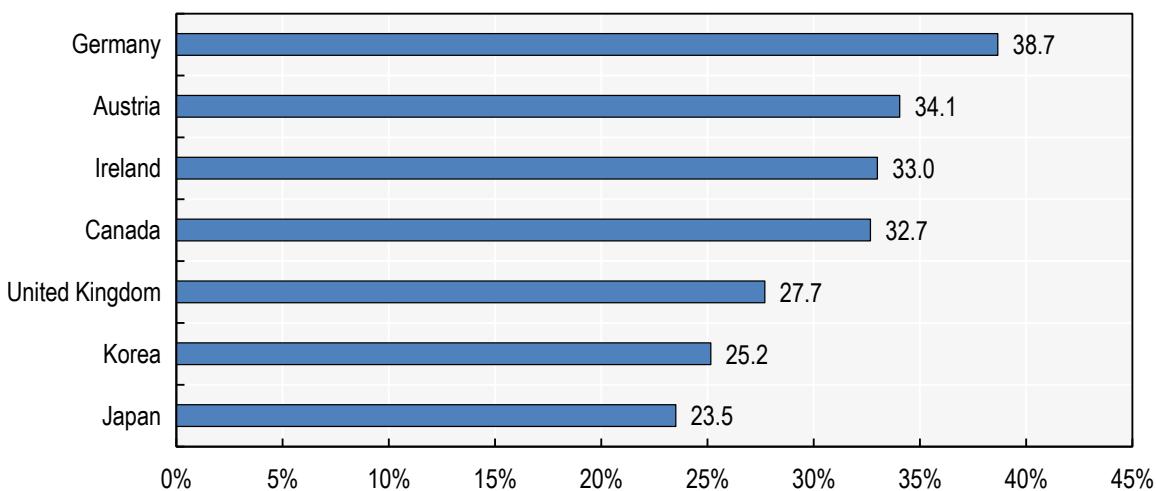
Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024

### **SMEs in Germany report the highest use**

SMEs in Germany report the highest use of generative AI (38.7%), followed by SMEs in Austria, Ireland, and Canada, where over 30% of SMEs report using generative AI, and by SMEs in the United Kingdom (Figure 2.3). SMEs in Korea and Japan report the lowest use of generative AI, at 25.2% and 23.5% respectively.

## Figure 2.3. SMEs' generative AI use is the highest in Germany and the lowest in Japan

Percentage of SMEs that report using generative AI, by country



Note: SMEs were asked: "Does anyone in your company, and please include yourself, ever use generative AI for work?"

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024

Differences in size and sectoral composition of each country's economy explain some of these differences. For example, Germany has a higher ratio of companies with 2 to 9 employees compared to one-person businesses. Since AI use increases with size, the consequence is that Germany's overall use is higher. Korea and Japan have smaller shares of SMEs in service sectors associated with the highest use of generative AI, compared to the other countries. This explains some but not all of the difference between use in Japan and Korea and the other countries included in the survey, as use of generative AI in these two countries is generally lower in all sectors. The lower use in Japan and Korea does not appear to be connected to attitudes towards generative AI (see Chapter 4). Box 2.2 discusses some possible explanations.

### **Box 2.2. What is driving lower use of generative AI among Japanese and Korean SMEs?**

Japan and Korea have smaller shares of SMEs in service sectors associated with the highest use of generative AI. Yet, differences in sectoral composition do not explain the lower use of generative AI among SMEs in Japan and Korea compared to the other countries included in the survey. Other possible explanations include:

- Lower levels of digitalisation in Japan. In the 2024 IMD World Digital Competitiveness Ranking, which analyses and ranks the extent to which countries adopt and explore digital technologies, Japan ranked 31st out of 67 countries (IMD, 2024<sup>[1]</sup>), the lowest of the countries included in this survey. A report by the EU-Japan Centre for Industrial Co-operation (Broeckaert, 2022<sup>[2]</sup>) highlighted that Japanese companies continued to rely on old legacy systems, with digital marketing, supply chain digitalisation and advanced manufacturing far from the norm.
- The stark divides between large and small companies in both countries in adoption of the most advanced technologies. In Japan, while SMEs are in the early stages of transitioning to cloud-based solutions and adopting standard practices such as data analytics, large corporations are starting to look into more advanced solutions powered by AI or Internet of Things (IoT) (Broeckaert, 2022<sup>[2]</sup>). In Korea, the AI adoption rate among large and mid-sized companies rose sharply between 2022 and 2023, while adoption declined among smaller companies (NIA, 2025<sup>[3]</sup>). In Korea, many low-productivity SMEs survive due to generous government support (OECD, 2024<sup>[4]</sup>; Woo and Han, 2018<sup>[5]</sup>). Operating with narrow profit margins may limit SMEs' ability to invest in innovation, including AI technologies.
- The prevalence of older workers. Japan and Korea are the OECD countries with the highest share of the labour force aged 65 and over – between 13 and 14%.<sup>6</sup> Japanese SMEs employ a greater share of workers aged 50 plus than larger companies while older workers in Japan are less likely to use AI, according to a recent worker survey (JILPT, 2024<sup>[6]</sup>).
- Lower quality of generative AI in languages where there is less training data available (OECD, 2024<sup>[7]</sup>). This has been an issue in the past although gaps have narrowed. For example, while GPT-3.5 showed lower accuracy in Korean compared to English, GPT-4 achieved equivalent accuracy in both languages (Hee Jeong et al., 2023<sup>[8]</sup>). Both versions were in use at the time of this survey. In Japan, OpenAI addressed this gap by releasing in April 2024 a GPT-4 custom model optimised for the Japanese language (OpenAI, 2024<sup>[9]</sup>).

### **What are SMEs using generative AI for?**

To understand how generative AI could help SMEs address labour and skill needs, it is useful to first examine what SMEs are using the technology for, in terms of the type of content generated, the nature of the tasks automated, and the business functions affected.

## ***Generative AI is mostly used for text generation***

Across all countries, sectors and company sizes, generative AI is used the most for text generation. Among SMEs using generative AI, 91.6% use it to generate text, compared to 34.9% to generate images, 16.9% to generate video, and 14.7% to generate audio. This suggests that SMEs use large language models for text-based tasks (which could include writing code), more than generative audio-visual models. The sector in which SMEs are most likely to report using generative AI for text generation is the professional, scientific and technical activities sector, for image generation it is the wholesale and retail trade sector, and for video and audio generation the education sector. Korean SMEs are more likely to use generative AI for image (63.4%), video (35.9%) and audio (25.7%) generation compared to SMEs in the other countries.

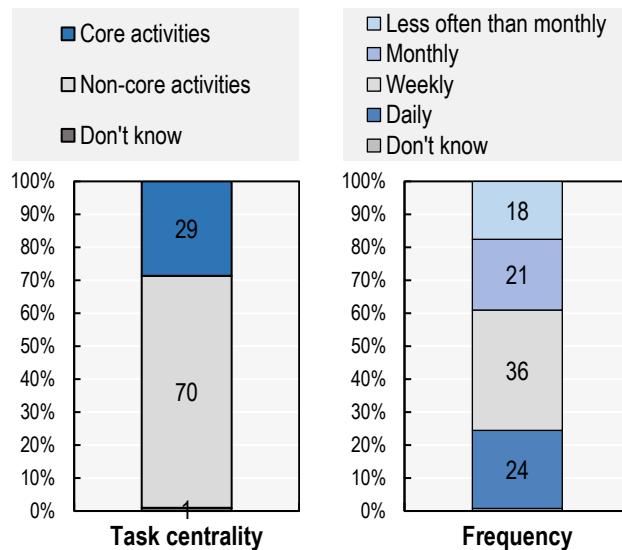
## ***Generative AI is mostly used for peripheral rather than core activities***

Generative AI appears to provide SMEs with support at the periphery of the company, aiding operations without fundamentally transforming how they produce goods and services. Among SMEs using generative AI, 28.7% report using generative AI in the core activities of their company (defined as the revenue-producing activities of the company or the activities that produce the main goods and services offered by the company) (Figure 2.5). Nevertheless, SMEs tend to use generative AI frequently: it is most commonly used on a weekly basis, followed by daily, monthly and less often than monthly.

The future could see SMEs using generative AI in a more intensive and transformational manner if the capabilities of generative AI develop further. For instance, with greater capacity to retain information and learn continuously, generative AI could be better imbedded in existing processes. The fact that generative AI is currently used more for peripheral rather than core activities could ultimately moderate generative AI's impact on labour and skill needs, discussed in Chapter 3.

**Figure 2.4. Generative AI is mostly used for peripheral rather than core activities**

Percentage of SMEs that report using generative AI with a given frequency and for core and non-core activities



Note: SMEs using generative AI were asked: "Would you say that generative AI is used in the "core activities" of your company?"; "Overall, how frequently would you say that generative AI is used within your company: daily, weekly, monthly or less often than monthly?"

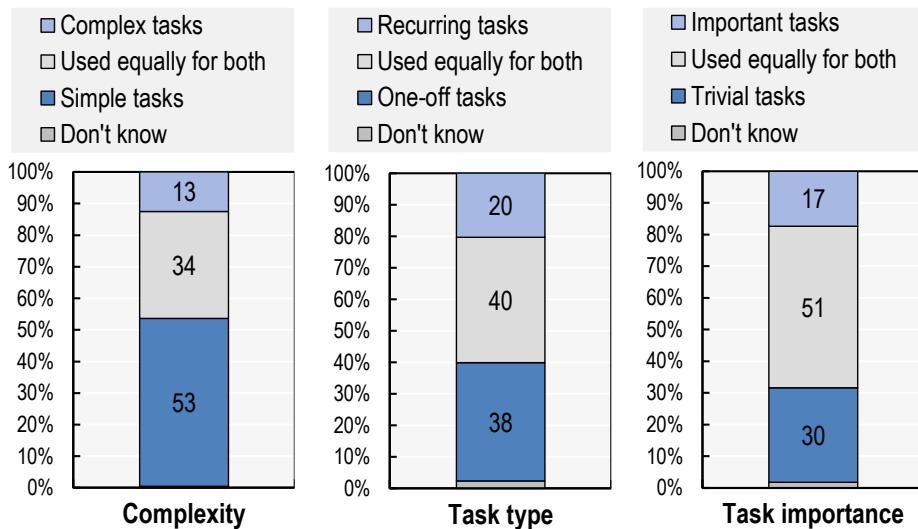
Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024

### **Generative AI is used more for simple, one-off and trivial tasks than for complex, recurring and important tasks**

SMEs use generative AI for simple, one-off and trivial (i.e. less important) tasks more than for complex, recurring and important tasks, although many SMEs use it for a combination of task types (Figure 2.5).

**Figure 2.5. Generative AI is used more for simple, one-off and trivial tasks than for complex, recurring and important tasks**

Percentage of SMEs that report using generative AI for given tasks



Note: SMEs using generative AI were asked: "Is generative AI used more for simple tasks, for complex tasks or is it used equally for both?"; "Is it used more for one-off tasks, for recurring tasks or is it used equally for both?"; "Is it used more for important tasks, for trivial tasks or is it used equally for both?"

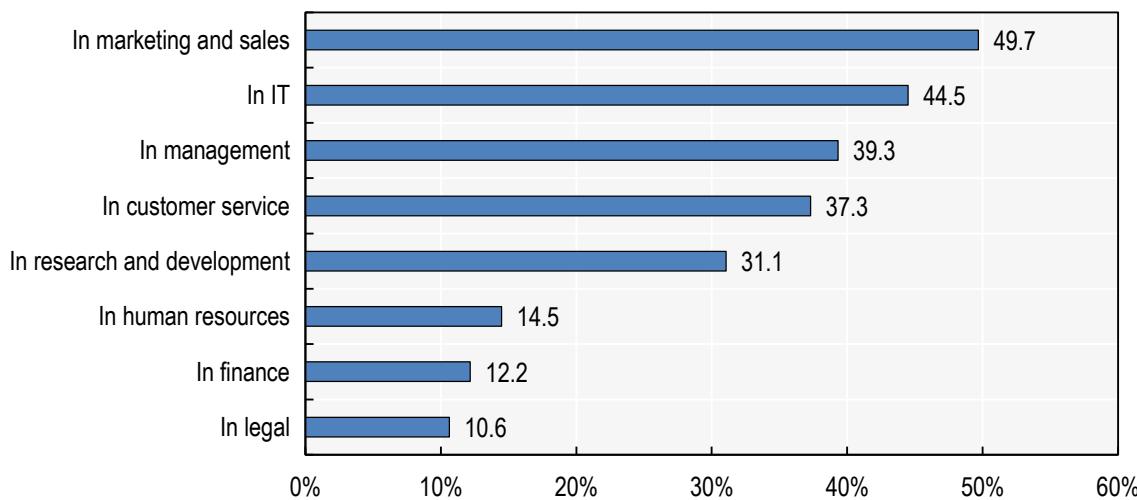
Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024

### **Marketing and sales, and IT are the most common application**

Among SMEs using generative AI, marketing and sales is the business support activity where it is used the most, followed by IT. Generative AI is used the least in legal and finance activities. While marketing and sales is the common application in most sectors, there are some exceptions. For example, in manufacturing, in professional, scientific and technical activities, and in the human health and social work sector, generative AI is most frequently applied in research and development.

**Figure 2.6. Generative AI is used the most in marketing and sales**

Percentage of SMEs that report using generative AI for each business support activity



Note: SMEs using generative AI were asked: "I'm going to list a few business support activities. For each of them, could you tell me whether generative AI is used for the activity?"

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024

### **Generative AI use cases are observed in every sector**

At least some SMEs in every sector report using generative AI, even in sectors which rely more on physical abilities. Table 2.1 presents one illustrative example for each sector, inspired by information collected in the survey. In the construction sector, generative AI is used to create video simulations of architectural models or renderings of designs. In the accommodation and food service activities sector, it is used in the preparation of menus to create or edit images, write or translate text. Across all sectors, respondents using generative AI frequently report using it for business support activities, such as generating marketing content or assisting customers through chatbots. These illustrative examples are useful for interpreting the results in Chapter 3.

**Table 2.1. Illustrative examples of generative AI by sector**

Sector	Example of generative AI	Sector	Example of generative AI
A – Agriculture, forestry and fishing	Search for more efficient and sustainable production methods.	K – Financial and insurance activities	Generate financial reports.
B, D, E – Mining, Electricity, Water supply	Write product descriptions, promotional emails and social media messages.	L – Real estate activities	Facilitate virtual visits and write property descriptions.
C – Manufacturing	Generate images of designs.	M – Professional, scientific and technical activities	Analyse legal documents and speed up legal research.
F – Construction	Produce video simulations of architectural models.	N – Administrative and support service activities	Create, correct and translate documents.
G – Wholesale and retail trade; repair of motor vehicles and motorcycles	Develop new marketing ideas.	O, Q – Public administration and defence, Human health and social work	Create training and educational material for employees or patients.
H – Transporting and storage	Generate 3D models of transport facilities.	P – Education	Generate educational content and immersive learning experiences.
I – Accommodation and food service activities	Prepare menus by creating or editing images, writing or translating text.	R – Arts, entertainment and recreation	Produce special effects on video clips.

Sector	Example of generative AI	Sector	Example of generative AI
J – Information and communication	Develop, debug or simplify code.	S – Other services activities	Create before-and-after videos.

Note: SMEs using generative AI were asked: “Can you give me a practical example, in a few words, of what generative AI is used for in your company?” The illustrative examples have been edited and synthesised for confidentiality.

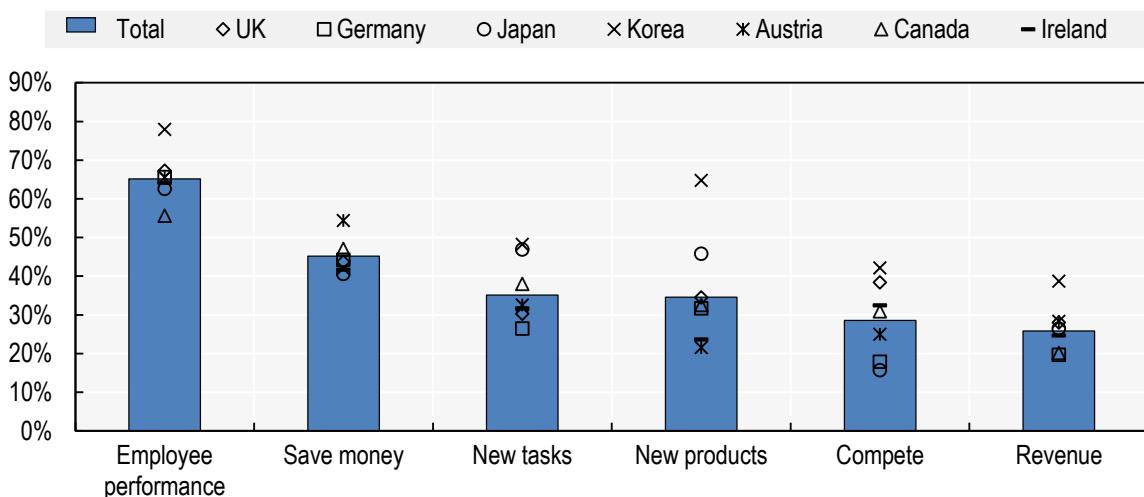
Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024

## Generative AI helps SMEs achieve more by improving employee performance

The main way generative AI helps SMEs is by enhancing employee performance, more so than by enabling them to scale up, to compete with larger companies or to increase revenue (Figure 2.7). 65.1% of SMEs using generative AI report that it helped increase employee performance within the company (or the respondent's own performance at work in the case of a one-person business). Helping the company save money is the second most reported impact (45.2%), followed by performing new tasks that could not be performed before (35.1%), offering new products or services (34.6%), competing with larger companies (28.5%) and increasing company revenue (25.9%). These effects may be interrelated. For example, increased revenue could result from the improved capacity of the company to compete with larger firms and offer new products.

**Figure 2.7. SMEs in all countries see enhanced performance as the main benefit of generative AI**

Percentage of SMEs that report generative AI helped for each benefit, by country



Note: SMEs using generative AI were asked: “Thinking about the use of generative AI within your company, has it helped your company... increase revenue / perform tasks that could not be performed before / offer new products and services / save money / improve employee performance / compete with larger companies?”

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024

SMEs were not asked about the magnitude of these benefits, so it is not possible to infer whether the 65.1% of SMEs that reported improved employee performance, for example, experienced a big or small improvement. Studies have estimated time savings associated with the use of generative AI at work at between 2.8% and 5.4% of work hours among users, as discussed in Box 2.3.

### Box 2.3. There is uncertainty around the size of efficiency gains due to generative AI

Despite a healthy and growing body of research estimating labour efficiencies due to generative AI, there remains uncertainty about how efficiencies compare across tasks and occupations, how they translate into bottom-line impact for companies, and how they diffuse across the economy.

Micro-level experimental studies show impressive gains in worker performance when using generative AI in several business contexts (Calvino, 2025<sup>[10]</sup>): among customer service agents, by 14% (Brynjolfsson, Li and Raymond, 2023<sup>[11]</sup>); among business consultants, by nearly 40% (Noy and Zhang, 2023<sup>[12]</sup>); and among software programmers, by more than 50% (Peng et al., 2023<sup>[13]</sup>). However, these studies focus on narrowly defined tasks well suited to generative AI and their findings may not generalise to other occupations or tasks.

When considering time savings across total work hours in a variety of occupations, the gains are diluted. A Danish survey (Humlum and Vestergaard, 2025<sup>[14]</sup>) examining the impacts of text-based generative AI finds average time savings of 2.8% of work hours among users in AI-exposed occupations, while a US survey (Bick, Blandin and Deming, 2024<sup>[15]</sup>) of generative AI use finds average time savings of 5.4%. These lower estimates can be attributed in part to the limited applicability of generative AI tools to the full range of tasks performed within most occupations. In both studies, it was common for generative AI users to use it on some but not all workdays, and on days when they use it, for just 5 to 6% of working time (in the Danish survey) or for 15 to 60 minutes (in the US survey).<sup>7</sup>

There are uncertainties about how these efficiencies translate into bottom-line impact. According to [McKinsey's 2025 Global Survey on AI](#) (QuantumBlack, AI by McKinsey<sup>[16]</sup>), more than 80% of companies using generative AI report no material contribution to earnings despite generative AI being widely seen as a tool to enhance individual productivity. Explanations for this disconnect include the current technological limitations of LLMs, fragmented and bottom-up implementation, and challenges plugging generative AI into existing workflows.

At the macroeconomic level (i.e. accounting for diffusion of AI across the economy, induced consumer demand and sectoral reallocations), OECD researchers (Filippucci, Gal and Schief, 2024<sup>[17]</sup>) estimate annual labour productivity gains of 0.4-0.9 p.p. due to AI, lower than Briggs and Kodnani (2023<sup>[18]</sup>) estimate of 1.5 p.p. but higher than Acemoglu's estimate of 0.1 p.p. (2024<sup>[19]</sup>). While there is uncertainty around these estimates, gains of 0.4-0.9 p.p. would be substantial, especially in the context of the slow pace of productivity growth observed over the past decades (1-2% annual growth rate for labour productivity).

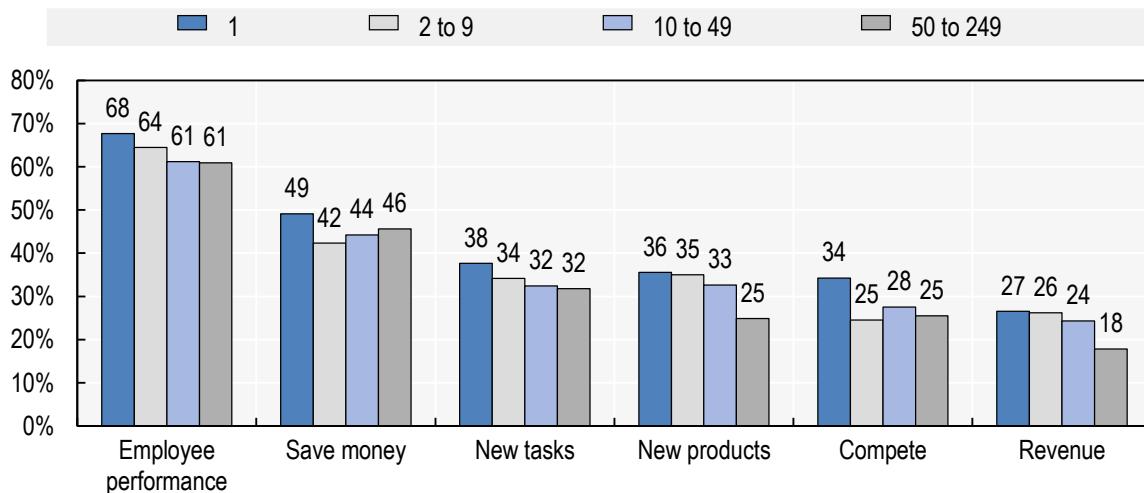
SMEs in Korea are the most positive about each of these benefits of generative AI, with the exception of generative AI helping them to save money. For instance, 65.4% of SMEs in Korea say that generative AI enabled them to offer new products or services, which is more than double the proportion of SMEs to report the same in Germany, Austria, Canada and Ireland.

There is some link between how generative AI is used within the company and the reported benefits. SMEs using generative AI for tasks considered core, important, recurring or complex are generally more likely to report benefits. SMEs using generative AI for audio, video or images (alone or in combination with other forms of content) are more positive about each of these benefits than SMEs using it for text only. The differences are largest when it comes to increasing revenue (54.3% vs. 45.7%), saving money (53.5% vs. 46.5%) and offering new products or services (52.4% vs. 47.6%). The greater tendency among Korean SMEs to use generative AI for image, video and audio explains some but not all of the more positive responses in Korea. Even among those using generative AI for text only, Korean SMEs are among the most positive across all measures, with the exception of generative AI helping them to save money.

Small SMEs are often more positive about the benefits of generative AI than larger SMEs. In particular, one-person companies are the most likely to report each benefit. When it comes to employee performance, performing new tasks, offering new products or services, and increasing revenue, the proportion of positive impacts decreases monotonically with company size (Figure 2.8).

**Figure 2.8. Small SMEs are often more positive than larger SMEs on the benefits of generative AI**

Percentage of SMEs that report generative AI helped for each benefit, by company size



Note: SMEs using generative AI were asked: "Thinking about the use of generative AI within your company, has it helped your company... increase revenue / perform tasks that could not be performed before / offer new products and services / save money / improve employee performance / compete with larger companies?"

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024

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## Notes

<sup>1</sup> Weighting by employment (rather than by number of SMEs) shows that these 30.7% of SMEs account for 38.4% of SME employment in the countries covered. In other words, for 38.4% of the SME workforce, either they or a colleague use generative AI or both.

<sup>2</sup> Respondents who had never heard of generative AI were screened out of the survey after this question, as they were considered unable to respond knowledgeably to the interview questions. These individuals were not asked whether they or a colleague used generative AI. However, the results to this question have been adjusted downwards to account for these individuals, so that the rate of generative AI use presented in this chapter can be considered an adoption rate across the full population of SMEs in the countries covered.

<sup>3</sup> A disadvantage of all firm-level surveys relative to individual-level surveys is that they are unlikely to capture secret use of generative AI by workers.

<sup>4</sup> OECD, ICT Access and Usage by Businesses, Businesses using artificial intelligence (AI) <http://data-explorer.oecd.org/s/1r2>.

<sup>5</sup> Generative AI use does not vary significantly by company age or by gender of company owner (this information was collected in the case of one-person companies only).

<sup>6</sup> 2024 Employment levels by age group, <http://data-explorer.oecd.org/s/21p>.

<sup>7</sup> The authors of the US study caution that workers could use generative AI to complete the same tasks in less time without their employers' knowledge and use the saved time as on-the-job leisure, preventing employers from seizing the efficiency gains.

# 3 How is generative AI impacting SMEs' skill and labour needs?

## Main findings

**Generative AI helps SMEs compensate for skill gaps and labour shortages.** Among SMEs that use generative AI and have experienced a skill gap, 39% say that generative AI helped compensate for it. This figure is even higher (46%) where SMEs report that generative AI has improved employee performance, indicating that generative AI is particularly beneficial where a lack of skills is the main constraint for employee performance. SMEs not using generative AI are also optimistic that it could help them address skill gaps (42%) and worker shortages (24%), suggesting some untapped potential.

**For a third of SMEs, using generative AI has reduced staff workload,** or the entrepreneur's own workload in the case of a one-person business. In cases of overwork, technology that reduces workload by automating tasks and generating efficiencies may be very welcome. In addition, 14% of SMEs say that generative AI reduced their reliance on external contractors. It could be that generative AI enables these SMEs to perform tasks that they previously would have outsourced, given limited skills or resources in house.

**Yet generative AI does not appear to lead SMEs to cut jobs.** The vast majority of SMEs (83%) report that generative AI has had no effect on overall staff need. While AI might be expected to increase staff need by boosting productivity and consumer demand or decrease staff need by automating tasks, there are only modest signs of change, suggesting that SMEs prefer to wait before making internal staffing adjustments. 6% of SMEs report an increase in staff needs while 9% report a decrease.

**Skills are essential for SMEs to use generative AI effectively.** Although generative AI performs impressively on many cognitive tasks, it does not remove the need for skilled workers. Twice as many SMEs say that generative AI increases skills' needs (20%) as say that it decreases them (9%). For workers, data analysis and interpretation skills and creativity and innovation skills are perceived as the skills that have increased the most in importance due to generative AI.

This section explores the idea of generative AI helping SMEs compensate for labour shortages and skill gaps through automation and efficiency improvements. It examines the impact of generative AI on SMEs' labour and skills needs, including workload, reliance on external contractors, and number of staff needed, and investigates whether (and which) skills increase in importance due to generative AI.

### Generative AI helps SMEs compensate for labour and skill shortages

One of the main motivations for this survey was to understand whether generative AI helps SMEs compensate for labour shortages and skill gaps through automation and efficiency improvements. Finding employees with the right skills is the top-ranking problem for SMEs in the EU (European Commission,

2023<sup>[1]</sup>), above other challenges such as access to finance and regulatory obstacles. Generative AI's potential to automate tasks could be particularly welcome in an SME experiencing shortages, where it can relieve pressure on labour and skills.

### **Large SMEs are most likely to report a labour shortage or skill gap**

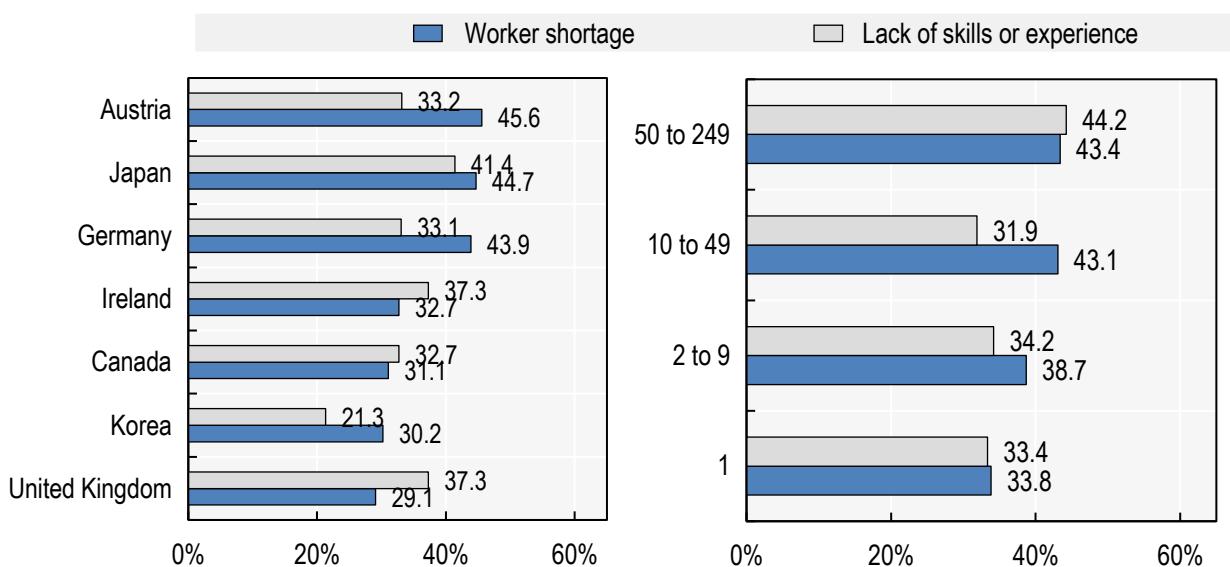
In this survey, 36.8% of SMEs overall report experiencing a worker shortage in the past two years while 33.8% report a lack of skills or experience among staff in the same period (i.e. a skills gap). In many cases, SMEs report experiencing one but not the other: 15.3% of SMEs overall report experiencing both a worker shortage and a skill gap while 17.9% report a worker shortage only and 21.0% report a skill gap only.

SMEs in Japan are the most likely to report experiencing a skill gap (41.4%) and the second most likely to report a worker shortage (44.7%), behind Austria where 45.6% of SMEs report this (

Figure 3.1). The largest SMEs are the most likely to report a worker shortage (43.4%) or a skill gap (44.2%), although the prevalence of skill gaps does not increase monotonically with size. Larger SMEs are also more likely to report worker shortages in the European Commission survey than smaller SMEs (European Commission, 2023<sup>[1]</sup>), while the PIAAC Employer Module shows that medium and large firms are more likely than small firms to experience a skill gap (OECD, 2024<sup>[2]</sup>). This may reflect real differences in skill gaps by firm size, but also greater awareness of these gaps in large firms, which are more likely to assess skill needs.

**Figure 3.1. Large SMEs are most likely to report a labour shortage or skill gap**

Percentage of SMEs that have experienced worker shortage or skill gap



Note: SMEs using generative AI were asked: "In the last two years, has a worker shortage (a lack of skills or experience among staff) ever been a challenge for your company?"

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

SMEs in the accommodation and food services sector were most likely to have experienced worker shortages (48.7%), followed by SMEs in education (42.9%). SMEs in the financial sector were the most likely to have experienced a lack of skills or experience among staff (43.1%).

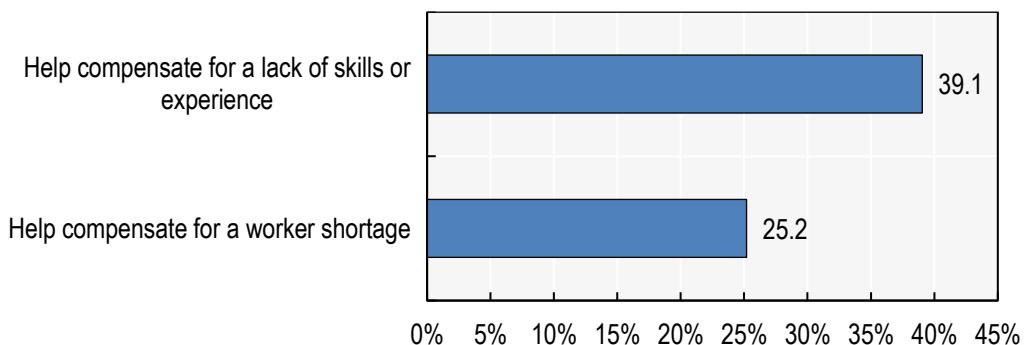
If labour shortages and skill gaps were driving SMEs to use generative AI,<sup>1</sup> one might expect to see higher use among SMEs that have experienced these issues – but that is not the case. SMEs that have experienced either a worker shortage or a skill gap were roughly equally likely to report use of generative AI as those that have not experienced them.

### **SMEs report that using generative AI has helped compensate for labour and skill shortages**

Among SMEs using generative AI and experiencing a skill gap in the last two years, 39.1% say that generative AI helped compensate for the gap. Similarly, 25.2% of SMEs facing a worker shortage in the last two years say generative AI helped them compensate for this worker shortage (Figure 3.2). Where generative AI is used in core activities, SMEs are more likely to say that it helped compensate for skill gaps and worker shortages, at 49.3% and 38.2% respectively.

**Figure 3.2. Some SMEs report that generative AI helps compensate for labour shortages and skill gaps**

Percentage reporting that generative AI helped compensate for worker shortage/skill gap, among SMEs using generative AI and experiencing shortage/gap



Note: SMEs using generative AI were asked: "Did generative AI help your company compensate for this worker shortage (the lack of skills or experience)?"

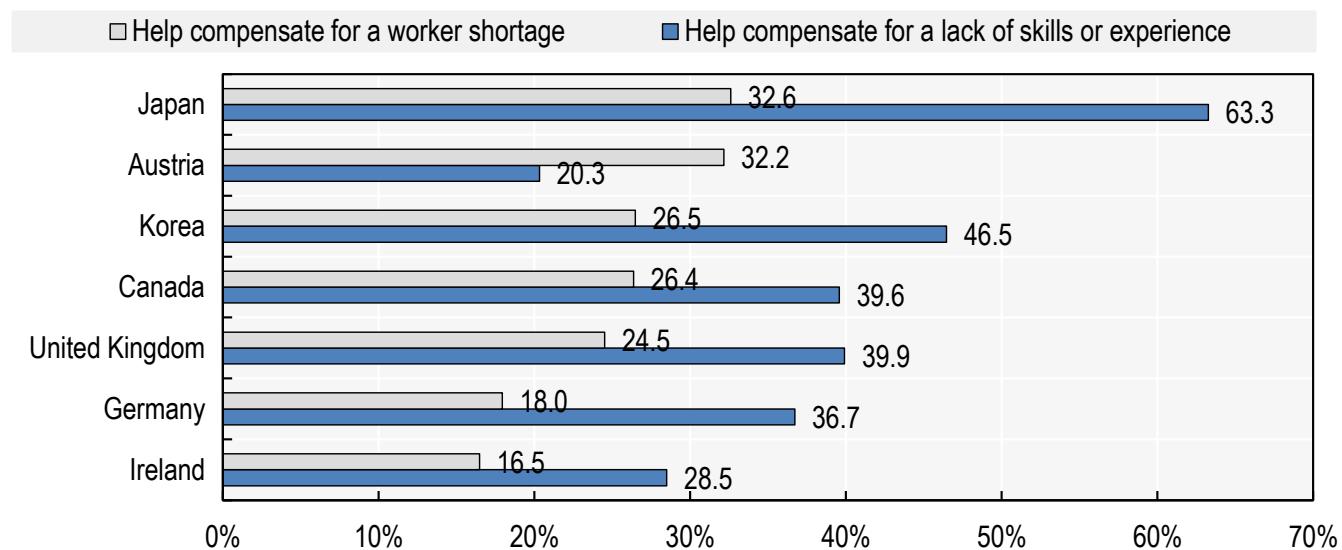
Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

There is an inextricable link between generative AI compensating for skill gaps and improving employee performance.<sup>2</sup> Where SMEs report that AI improved employee performance, they are twice as likely (46.3%) to say that it helped address skill gaps as those that do not report that it helped improve employee performance (21.1%). The direction of causality is unclear: whether improving employee performance is how generative AI helps to compensate for skill gaps, whether compensating for skill gaps is how generative AI improves employee performance or whether there is a third factor driving both. In any case, the finding suggests that where the constraint for employee performance is a lack of skills, generative AI is beneficial.

SMEs in Japan are far more likely than SMEs in any other country to report that generative AI helped compensate for a skill gap (63.3%, compared to the average 39.1%). Japan was also the country where SMEs were most likely to report a skill gap. SMEs in Japan and Austria are most likely to say that generative AI helped compensate for a worker shortage (32.6 and 32.2% respectively). These are also the countries where worker shortages were most prevalent, according to the SMEs surveyed. This suggests that where labour shortages and skill gaps are most acute, SMEs are most optimistic that generative AI provides a solution.

### Figure 3.3. SMEs in Japan are most likely to say that generative AI helps compensate for labour and skill shortages

Percentage reporting that generative AI helped compensate for worker shortage/skill gap, among SMEs using generative AI and experiencing shortage/gap



Note: SMEs using generative AI were asked: "Did generative AI help your company compensate for this worker shortage (the lack of skills or experience)?"

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

Although the largest SMEs (with between 50 and 249 employees) are the most likely to experience either type of shortage, they are less likely than the average to say that generative AI helped compensate for these shortages. Instead, one-person SMEs are more likely than larger SMEs to say that generative AI helped compensate for a worker shortage (30.5%). It could be that the compensating effect of generative AI is more noticeable in a workplace with fewer staff. SMEs in the arts, entertainment and recreation sector are most likely to say that generative AI helped compensate for a worker shortage (45.1%) while SMEs in the information and communication sector are most likely to say the same for a skills shortage (56.2%).

#### ***There is some untapped potential for generative AI to help address labour shortages and skill gaps***

Approximately two-thirds of SMEs experiencing a skill gap or worker shortage in the last two years do not use generative AI. 41.7% of those experiencing a skill gap and not currently using generative AI said that they thought that generative AI could help their company compensate for the gap, while the figure was 23.8% for those experiencing a worker shortage. While the question was hypothetical, these percentages are similar to the percentages of generative AI users reporting the same actual benefits. This suggests some untapped potential for generative AI to help address labour shortages and skill gaps. Notably, among companies experiencing a skill gap or worker shortage and reporting generative AI could help compensate for these issues, the most common barrier to use is concerns regarding copyright, legal or regulatory issues, followed by lack of skills among employees. Barriers are discussed in more detail in Chapter 4.

## Generative AI reduces staff workload

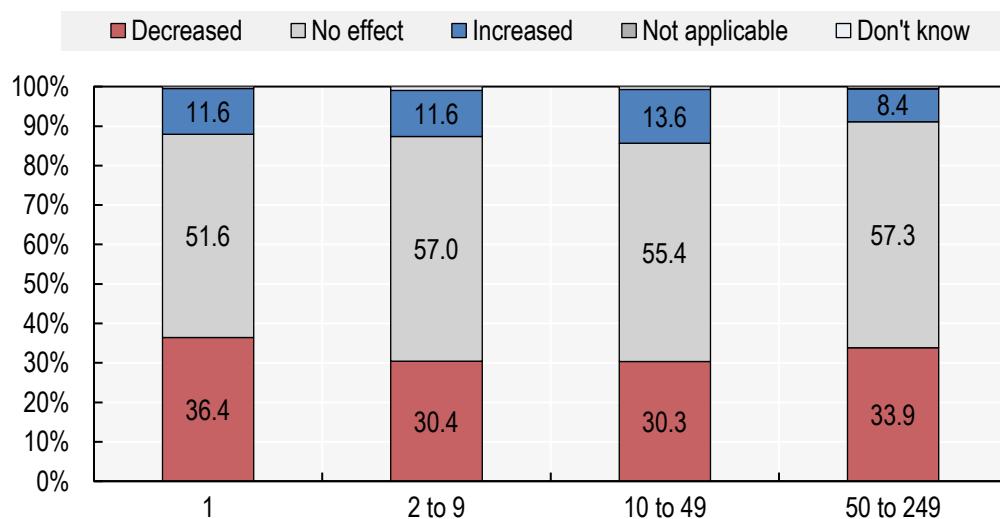
Generative AI helps reduce the staff workload of SMEs. 32.7% report a decreased workload while 11.8% report an increase (Figure 3.5). In cases of overwork, employees (or the entrepreneurs themselves in the case of one-person businesses) may welcome technology that reduces their workload (e.g. by automating tasks and generating efficiencies), although the survey does not capture these sentiments.<sup>3</sup> SMEs that say that generative AI saves them money are more likely to say that workload decreased (36.2%) compared to those that say it does not save them money (30.0%).<sup>4</sup> There is no such link with improved employee performance, suggesting that other efficiency gains (unrelated to employee performance) are at play. One potential explanation (which cannot be tested using the data) is that these savings derive from reduced overtime.

50.7% of SMEs in Japan report that generative AI decreased workload, well above the percentages observed in other countries. SMEs in the United Kingdom and Germany report the highest increase in workload, although there is less variation by country compared to the decrease. SMEs in the financial sector are most likely to report a reduction in staff workload due to generative AI (42.1%), while SMEs in agriculture and education are most likely to report an increase. 38.5% of SMEs in agriculture and 29.6% in education say that generative AI increased workload, more than double the percentages in any other sector.

One-person businesses are most likely to report that generative AI has decreased (their own) workload (36.4%), which could be because they have more control over their working hours compared to employees. Mid-size SMEs are most likely to report an increase (13.6%), although differences by size are not statistically significant.

**Figure 3.4. One-person businesses are most likely to report that generative AI has decreased workload**

Percentage of SMEs that report generative AI decreased, had no effect or increased workload, by company size



Note: SMEs using generative AI were asked: "Can you tell me whether the use of generative AI within your company has increased or decreased or had no effect on staff workload/your workload?"

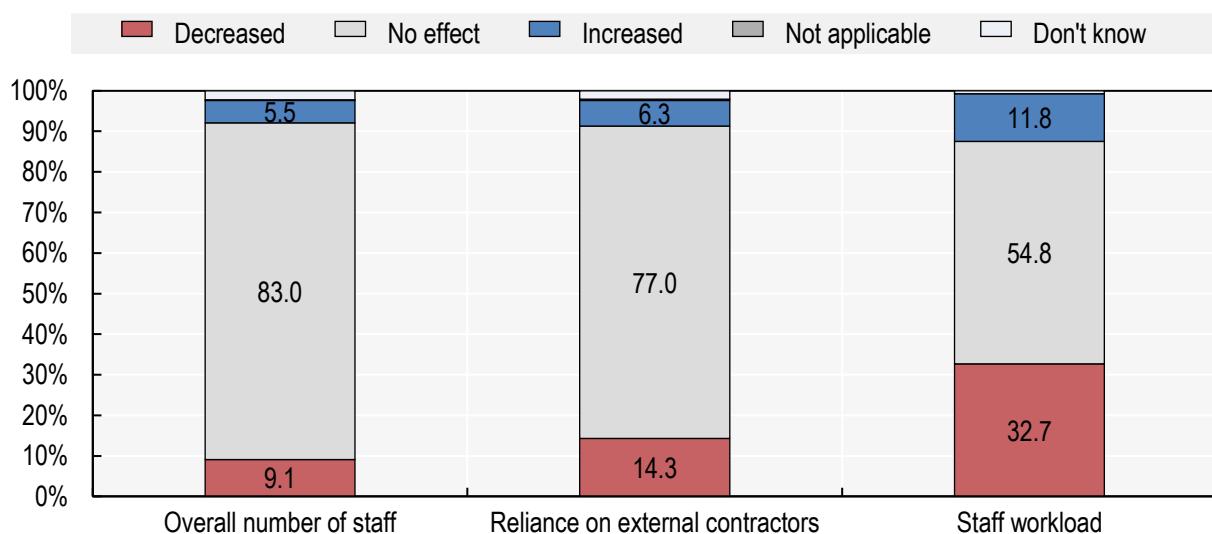
Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

## Generative AI reduces SMEs' reliance on external contractors

14.3% of SMEs report that generative AI reduced their reliance on external contractors (Figure 3.5). It could be that generative AI enables SMEs to perform tasks that they previously would have outsourced, given limited skills or resources in house. Indeed, SMEs that say that generative AI enables them to perform new tasks are 50% more likely to say that their reliance on external contractors decreased (18.2%) compared to those that say it does not enable to perform new tasks (12.4%).<sup>5</sup> On the other hand, 6.3% of SMEs say that generative AI has increased their reliance on external contractors, which could be because some SMEs contract services to get the most out of this new technology (for instance, to build a custom platform for the company or seeking advice on how to comply with regulations). SMEs using generative AI for complex tasks are more than twice as likely to say that their reliance on external contractors had increased (11.7%), compared to those using it for simple tasks (4.5%), which supports this hypothesis.

**Figure 3.5. Generative AI reduces SMEs' reliance on external contractors and staff workload**

% of SMEs that report generative AI decreased, had no effect or increased each aspect of their staffing needs



Note: SMEs using generative AI were asked: "I'm going to list some aspects of a company's staffing needs. For each of these, can you tell me whether the use of generative AI within your company has increased or decreased or had no effect on this aspect of your company's staffing needs?"

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

SMEs in Canada, the United Kingdom and Japan are the most likely to say generative AI reduced their reliance on external contractors (all above 17%), and SMEs in Korea, Ireland and the United Kingdom are most likely to report an increase (all above 8%). As before, the divide in the UK results could signal heterogeneous impacts across UK SMEs or a greater readiness among UK SMEs to adjust contracting arrangements. Reliance on external contractors is most likely to increase for SMEs in the agriculture, forestry and fishing sector (15.7%) and is most likely to decrease for SMEs across a handful of service sectors: real estate; arts, entertainment and recreation; education; professional, scientific and technical activities; and information and communication (all above 17%). One possible interpretation is that generative AI enables SMEs in service sectors to do more in-house while SMEs in agriculture need more external support to use generative AI.

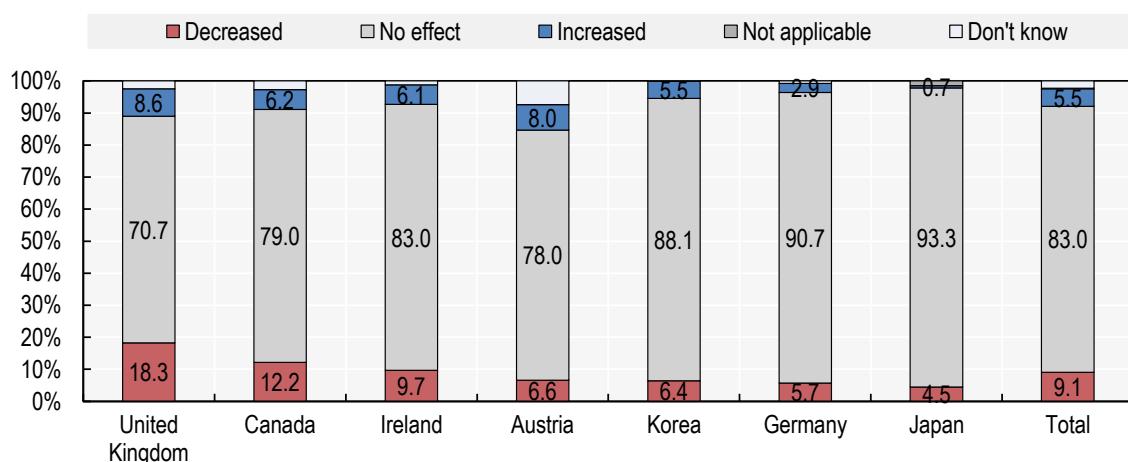
Just as one-person businesses are the most likely to say that generative AI reduced overall staffing needs, they are also the most likely to say that it reduced reliance on external contractors (16.5%). Reliance on external contractors increased the most for mid-size SMEs with 10 to 49 employees (7.4%).

## Yet generative AI has little effect on overall staff need

Most SMEs (83.0%) using generative AI report that it had no effect on the overall number of staff their company needed (Figure 3.6). Among those who report an effect, more SMEs report that generative AI decreased the overall staff need (9.1%) than increased it (5.5%). A decrease in staff needs could be interpreted as a reduction in labour need due to generative AI's capacity to automate tasks and thereby substitute for labour. An increase in staff needs could be due to performance improvements: SMEs want more workers because each worker is more productive when aided by AI and/or because the resulting productivity gains induce greater demand in the product market, in turn increasing demand for labour (i.e. the productivity effect). SMEs were not asked about the size of the effects (positive or negative), making it impossible to calculate a net effect. While more SMEs report a decrease than an increase, it was more common to report an impact on workload or on reliance on external contractors, suggesting that SMEs prefer to wait before making internal staffing adjustments. The OECD case studies on AI (Milanez, 2023<sup>[3]</sup>) captured instances where companies in the manufacturing and financial sectors relied on slowed hiring and attrition rather than immediate redundancies to manage diminished need for labour due to AI.

**Figure 3.6. Most SMEs report generative AI has had no effect on overall staff need**

Percentage of SMEs that report generative AI decreased, had no effect or increased the overall number of staff needed, by country



Note: SMEs using generative AI were asked: "Can you tell me whether the use of generative AI within your company has increased or decreased or had no effect on the overall number of staff your company needs?"

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

There is some link between how generative AI is used within the company and the impact on overall staff needs. SMEs using generative AI mostly for recurring tasks are over 50% more likely to say that staff needs decreased compared to those using it for one-off tasks. SMEs using generative AI mostly for complex tasks are almost twice as likely to say that staff needs have increased compared to those using it for simple tasks. Whether the tasks are considered core to the business or not makes little difference for overall staff needs.

Higher revenue is found to be associated with lower staff needs.<sup>6</sup> In other words, SMEs reporting that generative AI increased revenue are more likely to say that overall staff needs decreased (13.3% vs. 7.5%) and less likely to say that overall staff needs increased (4.1% vs. 6.0%). One interpretation is that generative AI enables SMEs to scale up operations without increasing staff needs (even decreasing them).

Furthermore, improved employee performance does not appear to be linked to the impact on staff needs, undermining the idea that labour-driven productivity gains are driving up staff needs (through the productivity effect or otherwise) or driving down staff needs (through efficiencies). While theoretical models of the labour market impact of AI say that it is by boosting productivity that AI can drive up demand for labour and potentially counter the displacement effect (OECD, 2023<sup>[4]</sup>), there is no sign of this mechanism in the survey results. Fewer SMEs report an increase in staff needs than report a decrease, and where SMEs do report an increase, this does not appear to be because they are experiencing improved employee performance. Other studies (discussed in Box 2.3) have estimated time savings associated with the use of generative AI at work at between 2.8% and 5.4% of users' work hours. If SMEs interviewed as part of this survey experience the same, this may be too small to influence staff needs.

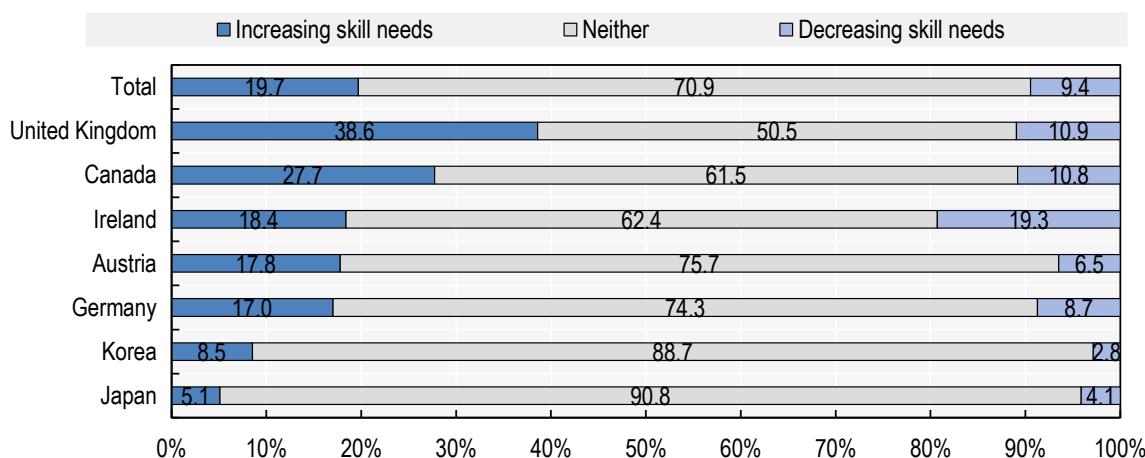
SMEs in the UK report the biggest change in staff needs due to generative AI: they are more likely than SMEs in any other country to report either a decrease (18.3%) or an increase (8.6%). SMEs in Japan, Germany and Korea are the least likely to report any change, either an increase or a decrease. The divide in the UK results could signal heterogeneous impacts across UK SMEs or a greater readiness among UK SMEs to adjust their staffing needs (which could be a function of the flexibility of the UK labour market). The sectors where SMEs are most likely to report a decrease in staff needs due to generative AI are administrative and support service activities, real estate activities, and information and communication (all 14-15%), while increases are most common in the education sector (17.1%).

Midsize SMEs with between 10 and 49 employees are least likely to say that their overall staff needs have decreased due to generative AI (6.5%) while one-person businesses are the most likely to say this (10.4%). Possible interpretations for the latter result are that these businesses previously had two workers which had reduced to one by the time of the survey or that the business previously had an unmet staffing need which generative AI had eliminated.

### **SMEs associate generative AI with increased skill needs**

19.7% of SMEs report that generative AI increased skill needs (i.e. an increased need for highly skilled workers relative to lower-skilled workers), twice as many as reported that it decreased them (9.4%) (Figure 3.7). Increasing skill needs dominate in all countries except for Ireland, where the two opposing effects are roughly equal (18-19%).

**Figure 3.7. Twice as many SMEs associate generative AI with increased skill needs as with decreased skill needs**



Note: SMEs using generative AI were asked: “I’m going to list some aspects of a company’s staffing needs. For each of these, can you tell me whether the use of generative AI within your company has increased, decreased, or had no effect on this aspect? The number of highly skilled staff your company needs; The number of lower skilled staff your company needs”. An SME was considered to be experiencing increasing skill needs (*or decreasing skill needs, for the opposing case*) due to generative AI if it reported an increase in the number of highly skilled staff (*or lower-skilled staff*) needed without reporting a simultaneous increase in the number of lower-skilled staff (*or highly skilled*) needed; or if it reported a decrease in the number of lower-skilled staff (*or highly skilled*) needed without reporting any effect on the number of highly skilled staff (*or lower-skilled staff*) needed. 38 out of 2,085 responses marked as “Don’t know” or “Not applicable” were excluded from the analysis.

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

These results explore the idea that generative AI changes the relative need for high- and low-skilled workers,<sup>7</sup> by modifying the complexity of tasks within an occupation or by compositional shifts across occupations (i.e. changes in the share of jobs requiring a certain level of skills). For instance, a relative increase in the need for higher-skilled workers could be due to generative AI automating simple tasks (consistent with the findings in Chapter 2), to the complementarity of more advanced skills to the use of generative AI, or to generative AI causing jobs with high skill requirements to grow faster than jobs with low skill requirements (e.g. if increased consumer demand induces labour demand in such a manner<sup>8</sup>) – or indeed a combination of these factors. Inversely, a relative increase in the need for lower-skilled workers could reflect the automation of complex tasks (e.g. a deskilling within occupations<sup>9</sup>), the complementarity of skills associated with occupations classified as low skills (e.g. manual skills), or generative AI causing jobs with low skill requirements to grow faster than jobs with high skill requirements.

The association between generative AI and increasing skill needs is consistent with the findings of the OECD AI survey of employers (Lane, Williams and Broecke, 2023<sup>[5]</sup>), in which more than 50% of firms said that AI had made it more important to have highly educated workers.<sup>10</sup>

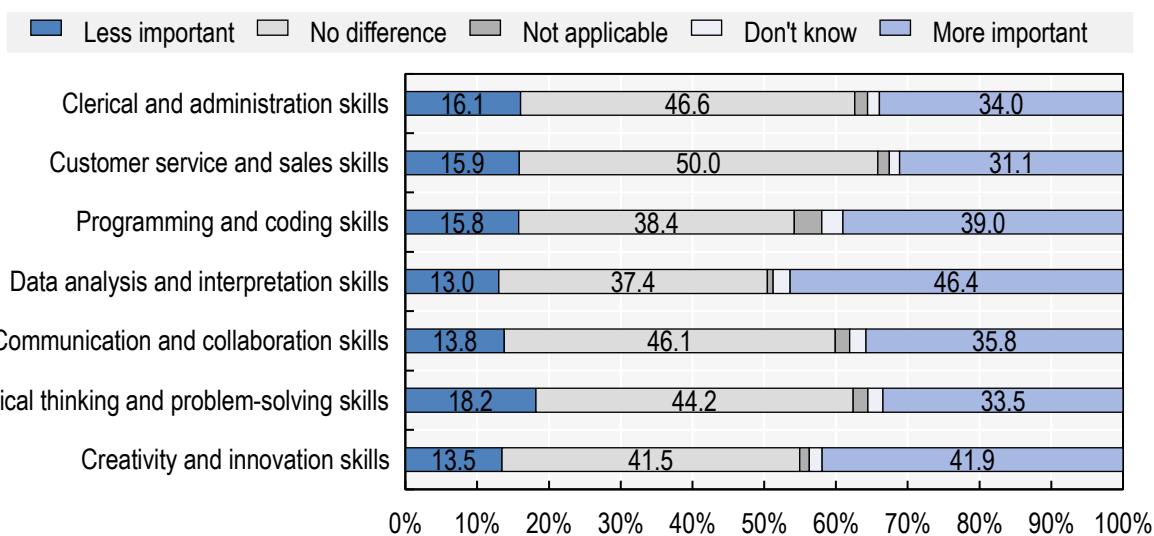
### **Generative AI increases the importance of data analysis and interpretation skills**

Generative AI has increased, on net, the importance of all skills, but particularly those of data analysis and interpretation skills (46.4%) and creativity and innovation skills (41.9%) (Figure 3.8). This is in line with findings from Green (2024<sup>[6]</sup>) showing that some of the skills that experience the largest increase in demand in occupations exposed to AI are related to originality and digital office tools such as Microsoft Excel. Decreases in importance of skills, while non-negligible, are reported by a minority of respondents, with the largest share of decrease responses associated with critical thinking and problem-solving skills, followed by clerical and administration skills. Other results from Green (Green, 2024<sup>[6]</sup>) show that AI exposure is associated with declining demand for general skills commonly used in office settings, as word processing,

basic computer programming skills, as well as administrative and clerical tasks. While the survey did not ask about digital security skills specifically, the OECD 2025 D4SME survey highlights the importance of these skills for ensuring safe and responsible digital uptake by SMEs (Bianchini and Lasheras Sancho, 2025<sup>[7]</sup>).

**Figure 3.8. Generative AI has made data analysis and interpretation skills more important, along with other skills**

Percentage of SMEs that report generative AI made each skill more or less important



Note: Respondents were asked: "I'm going to read to you a number of skills. For each of them, can you tell me whether you think generative AI has made the skill more important, less important or whether it has made no difference to the importance of the skill for workers in your industry?" Results include users' and non-users' responses.

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

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## Notes

<sup>1</sup> The causality is unlikely to run in the opposite direction (i.e. a scenario in which SMEs experiencing shortages would have used generative AI to eliminate the shortage and therefore would have no shortage to report at the time of interview) due to the wording of the question, which asked respondents if their SME had experienced a shortage at any point in the previous two years. The start of the reference period thus coincides with the release of ChatGPT in November 2022.

<sup>2</sup> Logistic regression is used to examine the relationship between reported benefits (as included in Figure 2.7) and generative AI helping to compensate for labour shortages and skill gaps, controlling for country, company size, sector and whether generative AI is used in a core activity. SMEs that say generative AI helps them increase revenue and perform new tasks are also more likely to say that it helps address skill gaps, but the links are weaker. SMEs that say generative AI saves money are more likely (31.5%) to say it helped address worker shortages compared to those that do not (19.5%).

<sup>3</sup> While less commonly reported, an increase in workload could signal that generative AI is creating additional tasks for workers or that productivity gains resulting from automating tasks or improving operations accrue to the employer at the expense of the worker. A recent working paper (Jiang et al., 2025<sup>[8]</sup>) demonstrates the latter dynamic by showing that occupational exposure to generative AI is associated with an overall increase in weekly working hours (which differs from the overall pattern observed in this survey), and that this effect is even more pronounced where AI is complementary to workers and where the labour market is competitive. In other words, when generative AI makes each working hour more productive and workers' bargaining power is low, employers extract most of the technology-enabled productivity gains by demanding more working hours (i.e. contrasting from the case in which workers' bargaining power enables them to reduce their hours thanks to the same productivity gains).

<sup>4</sup> Ordered logistic regression is used to examine the relationship, controlling for country, company size and sector. No other benefits are statistically significant predictors.

<sup>5</sup> Ordered logistic regression is used to examine the relationship, controlling for country, company size and sector. No other benefits are statistically significant predictors.

<sup>6</sup> Ordered logistic regression is used to examine the relationship between reported benefits (as included in Figure 2.7) and impact on staff need, controlling for country, company size and sector. No other benefits are statistically significant predictors of impact on staff need.

<sup>7</sup> While labour economists often use educational attainment, wage levels or occupation classification as a proxy for skill level (mostly due to availability of data), it is not clear that respondents would have had the same concepts in mind when answering. In the survey, no definition of “highly skilled” or “lower skilled” staff was provided to respondents, so interpretation may have varied across respondents, including e.g. by sector, by country, by the respondent’s personal characteristics.

<sup>8</sup> For instance, the introduction of ATMs in the banking industry in the 1970s produced cost savings and increased consumer demand, leading banks to open additional branches, increasing the number of bank tellers needed, shifting their tasks away from cash-handling and towards marketing and customer relations, and increasing the proportion of bank tellers with a college degree (Bessen, 2015<sup>[9]</sup>).

<sup>9</sup> The OECD case studies on AI (Milanez, 2023<sup>[3]</sup>) captured some instances of deskilling, including one in which steel rods were straightened by a machine controlled by AI software, while workers only had to start the machine and load and unload it, removing the weeks or months of experience that were previously required to operate the machine.

<sup>10</sup> Although direct comparison is not advisable because companies were not asked about whether AI had made the same skills less important.

# **4 Are SMEs prepared for generative AI?**

## Main findings

**The most common reason for not using generative AI is that it is not suited to the work the SME does (57%).** More than half of SMEs (54%) report concerns about copyright, legal or regulatory issues and about what happens to the information fed into generative AI models. Concerns about quality of the output (35%) and value for money (21%) are less common.

**Most SMEs (86%) hold neutral or positive attitudes toward generative AI.** Only 2% prohibit its use. Attitudes towards generative AI do not therefore appear to be a major barrier.

**A third or fewer of SMEs using generative AI are taking measures to train staff, set internal guidelines, or research copyright, legal, and regulatory issues.** To close digital and skills gaps between SMEs and larger firms and to ensure that any gains from generative AI are broadly shared across the economy and the workforce, more structured support for SMEs may be needed. SMEs particularly welcome government support in the form of training, financial assistance, information campaigns and business mentoring.

This section examines the preparedness of SMEs to seize the benefits of generative AI while addressing and minimising the risks. It discusses the barriers faced by SMEs to using generative AI, attitudes within SMEs towards generative AI, and measures to prepare workers to use generative AI such as training, research and providing guidelines.

### **The most common barrier to using generative AI is that it is not suited to the work the SME does**

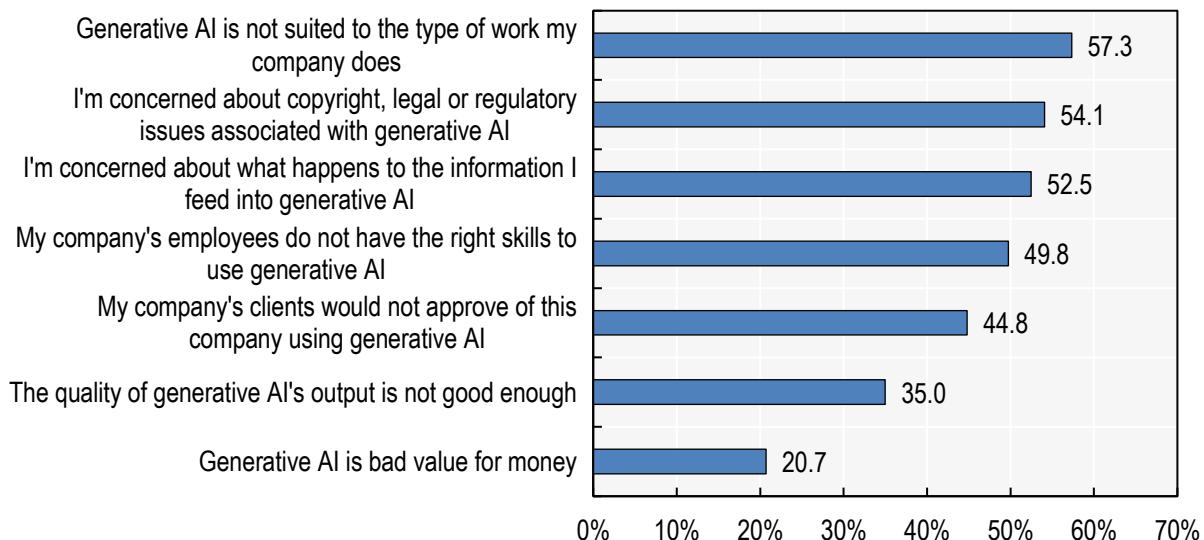
Among SMEs not using generative AI, the most common explanation is that generative AI is not suited to the type of work the company does (57.3%). This is the top barrier for SMEs in sectors such as agriculture, mining, manufacturing and construction, which rely on physical abilities outside the capabilities of generative AI, but this is also the top barrier in some service sectors, such as finance and professional, scientific and technical activities. In fact, 70.4% of SMEs in financial and insurance activities report this as a reason why they do not use generative AI.

The next most reported barrier is concerns about copyright, legal or regulatory issues (54.1%), which are the top barrier among SMEs in sectors such as public administration and defence, human health and social work and administrative and support services. 88.1% of SMEs in public administration and defence gave this as a reason why they do not use generative AI. 52.5% of SMEs say that they do not use generative AI because of concerns about what happens to the information fed into generative AI models.<sup>1</sup> Half of non-

users (49.8%) report that employees do not have the right skills to use generative AI. This is the main barrier for SMEs in the real estate sector. Concerns about client approval, quality of the output and about value for money<sup>2</sup> are less common among SMEs, although client approval is the top barrier reported by SMEs in the education sector.

**Figure 4.1. The most common barrier to using generative AI is that it is not suited to the work the company does**

Percentage of SMEs that report each barrier to use



Note: Non-users of generative AI were asked: "I will read you a few possible reasons why a company might not use generative AI. Can you tell me whether you agree or disagree with these reasons?"

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

The most reported barrier does not vary by company size, but it does by country (Table 4.1). Lack of skills is the most reported barrier in Japan (82.9%) and Korea (53.0%). In Germany, the most reported barrier is that clients would not approve of the use of generative AI (67.2%).

**Table 4.1. The main barrier to using generative AI varies by country**

Country	Main barrier	Main support
Austria	Not suited to the type of work (53.0%)	Financial assistance (62.2%)
Canada	Not suited to the type of work (65.0%)	Training (61.4%)
Germany	Company's clients would not approve (67.2%)	Information campaigns (66.6%)
Ireland	Concerns about copyright, legal or regulatory issues (56.3%)	Training (76.9%)
Japan	Employees do not have the right skills (82.9%)	Financial assistance (69.5%)
Korea	Employees do not have the right skills (53.0%)	Training (77.4%)
United Kingdom	Not suited to the type of work (66.9%)	Training (79.3%)

Note: For the main barrier, non-users of generative AI were asked: "I will read you a few possible reasons why a company might not use generative AI. Can you tell me whether you agree or disagree with these reasons?". For the main support, all SMEs surveyed were asked: "In your opinion, would it be very helpful, somewhat helpful or not helpful if your national government offered the following support to help your company use generative AI?". To assess which support is the most helpful, a score was created giving an arbitrary weight of one to a "somewhat helpful" response and a weight of two to a "very helpful" response.

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

Governments can provide support to SMEs to overcome barriers to use, but also to help companies already using generative AI in harnessing its full potential. Across all SMEs, including those that use generative AI and those that do not, training is considered the most helpful support the government could offer, followed by financial assistance, information campaigns and business mentoring. This result varies by country: training is the most helpful support in the United Kingdom, Ireland, Canada and Korea; in Japan and Austria, financial assistance is the most helpful support; while in Germany, it is information campaigns. The OECD 2025 D4SME Survey shows scope to improve the awareness of government digitalisation supports among SMEs, to streamline application processes and to improve the targeting of supports (Bianchini and Lasheras Sancho, 2025<sup>[1]</sup>).

### **A small minority of SMEs report an unfavourable attitude towards generative AI**

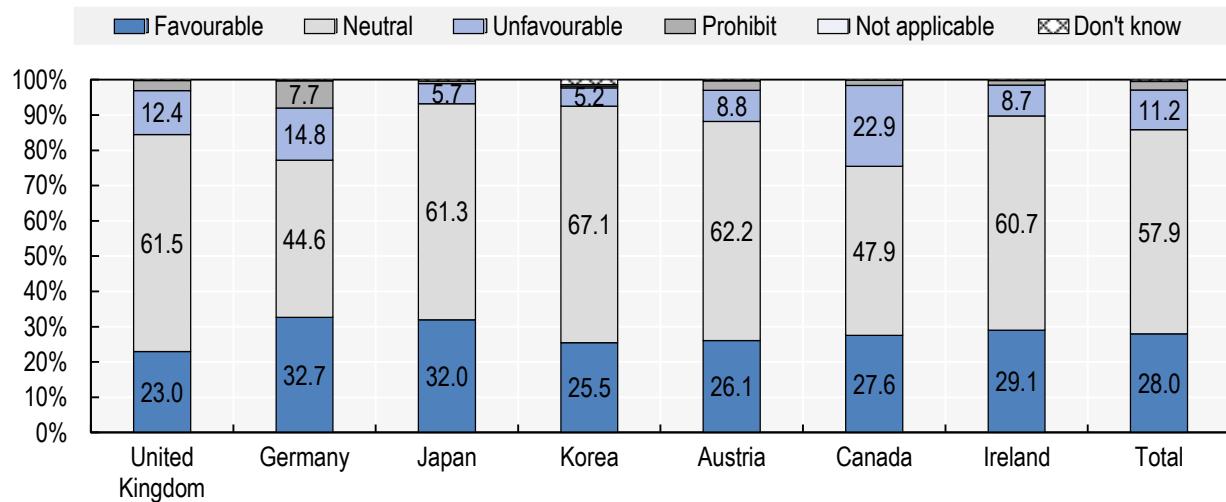
In most SMEs, attitudes towards generative AI are not a barrier to use. 85.9% of SMEs report either a neutral or favourable attitude towards generative AI within the company (Figure 4.2). Nonetheless, 11.2% report an unfavourable attitude and a further 2.5% prohibit its use entirely.

Attitudes are more likely to be favourable among SMEs using generative AI compared to non-users in Japan (60.9% vs. 22.5%), Korea (42.9% vs. 19.1%) and Germany (39.2% vs. 27.8%), but not in other countries. Non-users are more likely to be either unfavourable or prohibit generative AI use in Germany (27.0% vs. 16.4%), United Kingdom (17.4% vs. 10.6%), and Japan (8.0% vs. 1.5%), but not significantly in other countries. In all countries surveyed, non-users who indicate that they are likely to use generative AI within the next year more often report favourable attitudes compared to non-users that consider this unlikely.

Attitudes are most polarised in Germany. It presents the highest share of SMEs favourable to generative AI (32.7%), the second highest share unfavourable to generative AI (14.8%), and the highest share prohibiting its use (7.7%). The large share of favourable attitudes is consistent with Germany's high reported use of generative AI, while the unfavourable opinions and prohibitions could be partly driven by concerns about clients' reactions, which were the biggest barrier to use in Germany. Despite use of generative AI being lower in Japan and Korea, SMEs in these countries report the lowest shares of both unfavourable attitudes and prohibition (Figure 4.2).

## Figure 4.2. Most SMEs have either a favourable or neutral attitude towards generative AI

Percentage of SMEs that report a favourable, neutral, unfavourable attitude towards generative AI, or its prohibition, by country



Note: Respondents not using generative AI, excluding one person businesses, were asked: "Is the use of generative AI prohibited within your company?". Respondents using generative AI and those not using generative AI and not prohibiting it were asked: "Within your company, would you say that the attitude towards generative AI is favourable, unfavourable or neutral?"

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

## Some SMEs are taking measures to prepare workers to use generative AI in a trustworthy manner

Some SMEs are taking measures to prepare workers to use generative AI in a trustworthy manner, thereby enabling the company to seize the benefits of generative AI while addressing and minimising the risks (some of which are discussed in Box 4.1). These measures could include: training workers, researching potential risks, and providing workers with guidelines. The Danish study described in Box 2.3 (Humlum and Vestergaard, 2025<sup>[2]</sup>) found that firm-provided training and employer encouragement significantly boosts workers' use of generative AI and reduces demographic gaps in use. Additionally, the benefits from generative AI – time savings, quality improvements, creativity, task expansion, and job satisfaction – are all 10% to 40% greater when employers encourage its use. The authors highlight the importance of firm-led complementary investments in unlocking the productivity potential of new technologies.

### **Box 4.1. What risks related to copyright, data protection, and legal and regulatory issues are associated with generative AI?**

The use of generative AI in the workplace presents opportunities, but also risks related to copyright, legal and regulatory issues, and to data protection. In the G7 Hiroshima Process on Generative AI, five of the seven G7 members considered intellectual property right infringement and threats to privacy as major risks (OECD, 2023<sup>[3]</sup>).

Generative AI outputs are not created spontaneously; they result from algorithms trained on large datasets, which enable the model to associate user inputs with learned patterns. These datasets are often compiled from publicly available sources such as third-party websites, databases and social media platforms. If the training data includes protected works (e.g. copyrighted material, image rights, or personal data) without proper authorisation or licensing, the generated outputs may infringe third-party rights (European Innovation Council and SMEs Executive Agency, 2024<sup>[4]</sup>; OECD, 2025<sup>[5]</sup>; OECD, 2024<sup>[6]</sup>). Where personal data are used to train machine learning models, data subjects may face challenges exercising their rights to have the data deleted or corrected, for example because retraining models is resource intensive and because of the difficulty of identifying the data point associated with an individual in an unstructured dataset (OECD, 2024<sup>[6]</sup>).

In addition, users may inadvertently disclose personal, confidential or proprietary information when interacting with generative AI tools. This information may be retained and used by service providers to improve model performance. For example, under OpenAI's terms of use, input data and outputs may be used for model development purposes unless users actively opt out.

To mitigate these risks and to ensure that generative AI is used in a trustworthy manner in line with the company objectives and values, SMEs may conduct research on copyright, legal or regulatory issues, establish internal guidelines on the responsible use of generative AI, and offer targeted training to raise awareness among staff about the capabilities and limitations of these technologies. The OECD AI principles [\[OECD/LEGAL/0449\]](#) encourage businesses deploying AI to apply a systematic risk management approach and adopt responsible business conduct to address risks related to security, privacy and intellectual property rights, while the OECD Recommendation of the Council on SME and Entrepreneurship Policy [\[OECD/LEGAL/0473\]](#) calls on countries to support all SMEs and entrepreneurs in adopting digital technologies in line with their needs, digital maturity and aspirations by enhancing access to digital infrastructure; strengthening digital skills, data literacy and management of digital security risk.

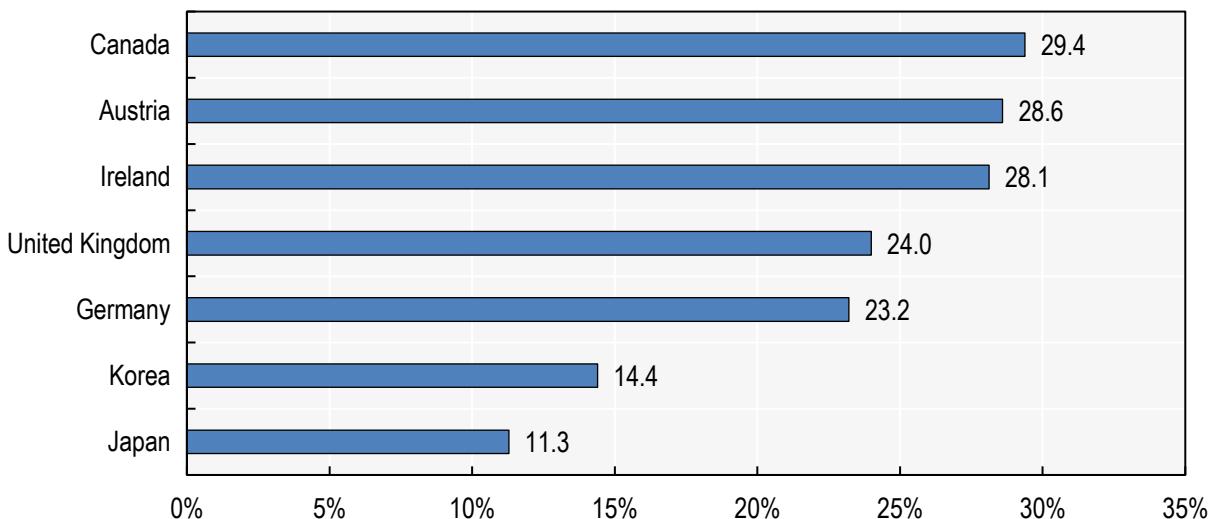
Note: And where relevant, in line with the OECD AI principles [\[OECD/LEGAL/0449\]](#), which guides AI actors in their efforts to develop trustworthy AI and provide policymakers with recommendations for effective AI policies.

### **AI-related training is not common**

23.6% of SMEs using generative AI report that their employees participate in training related to AI, ranging 11.3% for SMEs in Japan to 29.4% for SMEs in Canada (Figure 4.3). This share drops to 2.7% for non-users, despite lack of skills being a commonly reported barrier to using generative AI. AI-related training could help workers acquire new skills complementary to AI use and raise awareness among staff about the capabilities, limitations, and risks associated with these technologies. In addition to the risks discussed in Box 4.1, overreliance on generative AI has been shown to lead to reduced performance due to difficulty in detecting errors, particularly for complex tasks among less experienced users (Dell'Acqua et al., 2023<sup>[7]</sup>; Kabir et al., 2024<sup>[8]</sup>; Kreitmeir and Raschky, 2024<sup>[9]</sup>). In the OECD AI surveys, worker outcomes of AI were generally better where workers received training to work with AI (Lane, Williams and Broecke, 2023<sup>[10]</sup>).

### Figure 4.3. Where SMEs use generative AI, employees' participation in AI-related training is not common

Percentage of SMEs that report their employees participate in AI-related training



Note: Respondents were asked: "Do employees in your company currently participate in training related to AI?" Results are limited to SMEs using generative AI.

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

There are several possible explanations for why participation in AI-related training is not more common, even among SMEs where generative AI is in use. One is that SMEs may not perceive a need to offer training, since workers can interact with generative AI in conversational dialogue, on their own individual initiative and without needing to know how to code. Another possibility is that generative AI has advanced so rapidly that SMEs have not yet had the opportunity to organise training.

Additionally, labour shortages can make it difficult for SMEs to allocate time for training<sup>3</sup>. The low participation in AI-related training in Japan might be partly explained by Japanese SMEs being the most likely to report experiencing a lack of skills or experience among staff and second most likely to report a worker shortage (Chapter 3). Across OECD countries, time constraints due to work are the most cited barrier to participation in job-related non-formal learning, with the share of adults citing this reason in Japan exceeding the OECD average (OECD, 2025<sup>[11]</sup>).

In general, larger companies are more likely to offer training to their workers (OECD, 2024<sup>[12]</sup>).<sup>4</sup> Compared to larger companies, SMEs face higher unit costs per worker and may lack the resources to finance training opportunities. Moreover, with fewer employees, SMEs have less flexibility to release staff from revenue-generating activities to undertake training. Concerns around worker poaching, where workers leave for better opportunities after receiving training, further discourage investment in training. SMEs typically offer lower wages, less attractive working conditions, and fewer career advancement opportunities than larger companies. As a result, trained employees may be more inclined to seek employment elsewhere, reducing the returns to training investments for small businesses (OECD, 2023<sup>[13]</sup>).

Government intervention may be needed to promote AI literacy in the general population and to address the specific challenges that SMEs face in investing in training, including by implementing good practices identified by the OECD (2021<sup>[14]</sup>). Financial incentives – such as subsidies and vouchers – can help lower the costs of training provision. Pay-back clauses, which make employees liable for some or all the costs

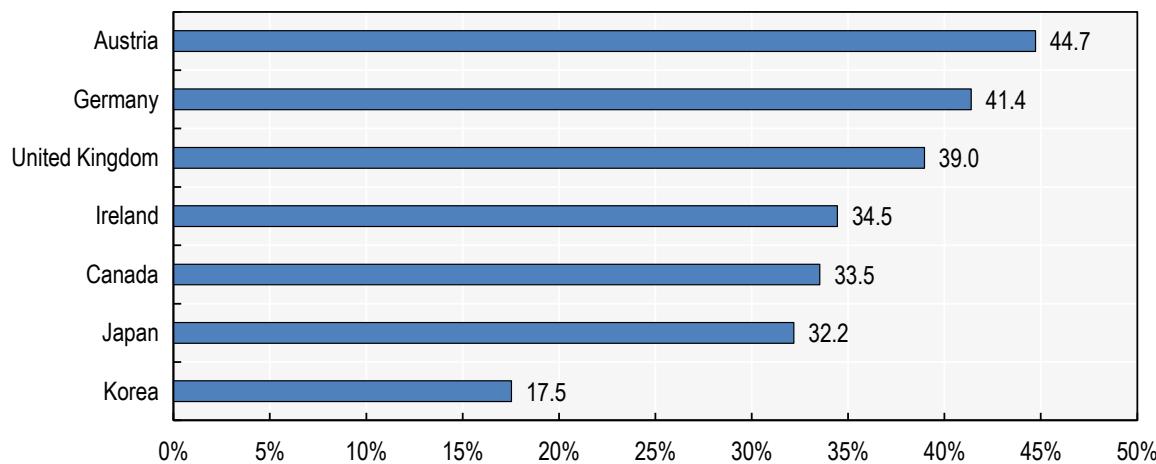
of their training if they leave their employer within a specified period would strengthen companies' incentives to offer training by decreasing the risk of poaching.

### ***One third of SMEs using generative AI have done research on copyright, legal or regulatory issues associated with generative AI***

Some SMEs have taken action to mitigate the possible risks related to copyright and data protection. 35.6% of SMEs using generative AI have done research on copyright, legal, and regulatory issues, either by seeking expert advice or on their own. This share drops to 4.8% among non-users, despite concerns about these issues being frequently cited by non-users as a barrier. Providing guidance to SMEs on these issues could help overcome some barriers to use. Austrian SMEs using generative AI are the most likely to have conducted research on these topics (44.7%), while SMEs in Korea are the least likely (17.5%) (Figure 4.4). SMEs using generative AI in the arts, entertainment and recreation sector are the most likely to have done research (53.0%), possibly due to the sector's exposure to copyright-related risks.

**Figure 4.4. Austrian SMEs using generative AI are the most likely to have conducted research on copyright, legal or regulatory issues**

% of SMEs that report having done research on copyright, legal or regulatory issues



Note: Respondents were asked: "Has your company ever sought expert advice or done its own research on copyright, legal or regulatory issues associated with generative AI?" Results are limited to SMEs using generative AI.

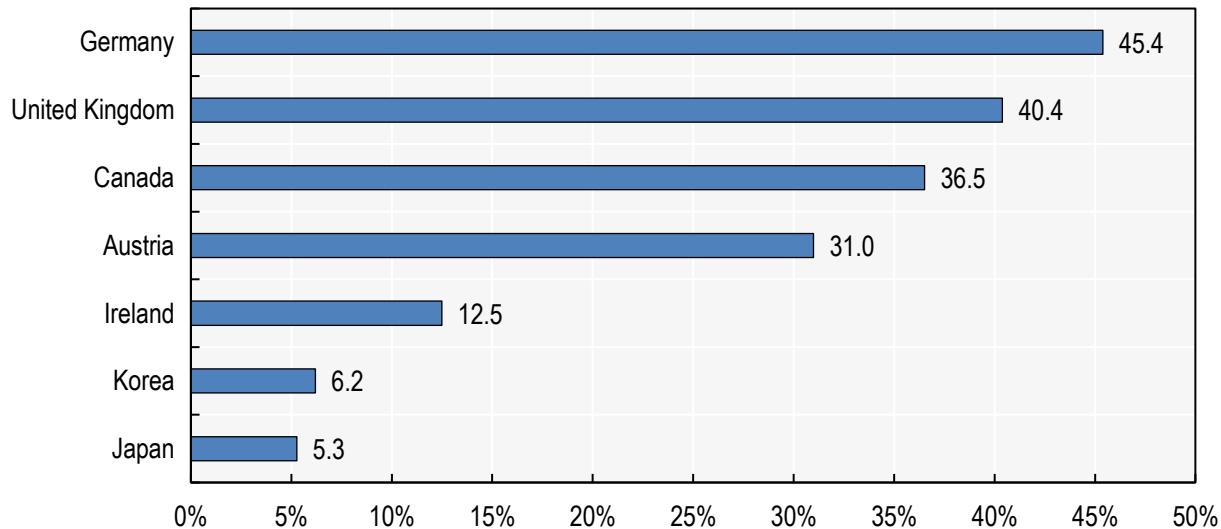
Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

### ***A quarter of SMEs using generative AI have implemented guidelines for staff***

Employers can provide guidelines to staff to help them understand how to use generative AI in a trustworthy manner in line with company objectives and values, when it should be used and when it should not be used. Among SMEs using generative AI, 28.6% have implemented guidelines for staff on the use of generative AI, while 8.6% of non-users have done so. The limited provision of internal guidelines may indicate a lack of perceived necessity or awareness among companies. It could also reflect that the use of generative AI tools may be driven by individual initiative rather than top-down strategies. The prevalence of such guidelines varies significantly by country. SMEs using generative AI in Germany are the most likely to have guidelines in place (45.4%), while those in Japan are the least likely (5.3%) (Figure 4.5). Among SMEs using generative AI and providing guidelines, 30.7% are concerned about staff not following them.

**Figure 4.5. SMEs using generative AI in Germany are the most likely to have guidelines in place**

Percentage of SMEs that report having guidelines in place



Note: Respondents were asked: "Does your company have guidelines for staff concerning the use of generative AI?" Results are limited to SMEs using generative AI.

Source: OECD survey on how SMEs use generative AI to address skill and labour needs, 2024.

In addition, 10.5% of SMEs report concerns about staff using generative AI in secret. These concerns are marginally more prevalent among SMEs not using generative AI (11.8%) than among SMEs using it (8.6%).<sup>5</sup> Among SMEs already using generative AI, concerns about secret use may reflect fears that staff are not disclosing their use of such tools internally. In both cases, employer guidelines and training may help staff understand when generative AI should be used and when it should not be used, and how to use it in a trustworthy manner in line with company objectives and values.

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## Notes

<sup>1</sup> Concerns about legal issues and data privacy were also identified as key barriers to generative AI use in the OECD 2025 D4SME Survey (Bianchini and Lasheras Sancho, 2025<sup>[1]</sup>).

<sup>2</sup> While cost was the most reported barrier to AI adoption in the OECD AI survey of employers (Lane, Williams and Broecke, 2023<sup>[10]</sup>) and is often cited as a key factor explaining the gap in AI adoption between large companies and SMEs (Calvino and Fontanelli, 2023<sup>[15]</sup>), relatively few SMEs surveyed report that generative AI is bad value for money. Many generative AI tools are available at no cost, although they might entail fees to unlock features or access more advanced models.

<sup>3</sup> While Chapter 3 shows that generative AI can help address labour shortages, not all companies using generative AI report experiencing this benefit. Even among those that do, labour shortages may persist, albeit to a lesser extent.

<sup>4</sup> Results from the OECD Programme for the International Assessment of Adult Competencies (PIAAC) Employer Module (2022).

<sup>5</sup> If staff are using generative AI in secret, then use of generative AI among SMEs could be even higher than reported in this survey.

# Generative AI and the SME Workforce

## New Survey Evidence

This report examines the potential for generative AI – tools that generate text, images, video or audio, such as ChatGPT, Copilot and Midjourney – to help SMEs address labour and skill needs. It presents evidence from a representative 2024 OECD survey of over 5 000 SMEs in Austria, Canada, Germany, Ireland, Japan, Korea and the United Kingdom, on how SMEs use generative AI, how its use may be helping to address labour and skill needs, and how SMEs are preparing employees to use generative AI. The survey shows that generative AI is in use in 31% of SMEs. SMEs report that generative AI improves performance, helps compensate for skill gaps and labour shortages, and increases the need for highly-skilled workers. SMEs have concerns about copyright, legal and regulatory issues, though negative attitudes towards generative AI are rare. The findings highlight the promise of generative AI but also the need for structured policy support to close digital and skills gaps between SMEs and larger firms and to ensure that any gains from generative AI are broadly shared across the economy and the workforce.



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