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AI Adoption in SMEs: Organizational Resistance and Resilience in Entrepreneurial Firms

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Abstract

SMEs make up most businesses everywhere, but they keep falling behind on AI adoption, under 25% have adopted it, compared to over 60% of large firms. The usual explanation is that they lack money and technical skills. But after spending time inside a small Swedish IT consultancy watching how adoption plays out, I think the story is more about people than about resources.

This paper is based on a case study of that company. I conducted interviews, ran a workshop, and observed the team over several months. What emerged is a framework I call the SME AI Adoption Resilience Model, or SAARM. It has three parts: the kinds of resistance people show (fear of job loss, mistrust, thinking AI is too complicated), the strategies that help get past that resistance (phased rollouts, letting employees test things themselves, peer-led demonstrations), and what resilience looks like when adoption actually sticks over time.

The most interesting finding was a feedback loop I had not expected: when managers hesitate, employees get more skeptical, and that skepticism makes managers hesitate even more. I also noticed something I call passive disengagement ,people do not openly oppose the change; they just quietly check out. The strategies that worked best were informal and bottom-up. Internal champions who had no formal authority but influenced their colleagues made more difference than any top-down mandate.

For people running small businesses or designing policies to support digital transformation, the takeaway is this: AI adoption in SMEs is not mainly a technology problem. It is an organizational problem. The firms that succeed are the ones that treat it that way.

Keywords: AI Adoption, SMEs, Entrepreneurship, Organizational Resistance, SAARM