Research Title: **AI Adoption among SMEs in Western Australia: A Study looking at Readiness, Maturity and Challenges.**

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**Short Blurb:**

Early AI adoption can lead to a significant first-mover advantage and growth. Despite this, small and medium enterprises (SMEs) are facing challenges in adopting and integrating AI in their business operations leaving the SMEs at a considerable disadvantage. The aim of this research is to investigate the factors influencing Western Australian SMEs' AI adoption, maturity, and readiness. It will explore the challenges facing SMEs and investigate the strategies from leading countries like Singapore and Finland, aiming at empowering SMEs to overcome barriers and successfully leverage AI.

**Research Blurb:**

Small Medium Enterprises (SMEs) often face significant challenges in adopting Artificial Intelligence (AI) due to their limited resources, expertise, and infrastructure. Despite the potential benefits of AI, such as increased efficiency and competitiveness, SMEs may struggle to adopt and implement effective AI solutions that align with their specific needs and goals.

This can be attributed to several factors, including a lack of in-house technical expertise, limited access to funding and resources, and difficulties in integrating AI solutions into existing business processes. SMEs often have to prioritise short-term operational needs over long-term strategic investments, making it challenging for them to invest in AI adoption and development. As a result, many SMEs may find themselves at a disadvantage compared to larger enterprises that have the necessary resources and capabilities to leverage AI effectively. This is despite their unique advantage in their flexibility, adaptability, and flat organizational structures quick infuse AI into their business.

Studies show that small businesses have poor AI readiness and this leaves them at risk of being left behind by competitors or larger enterprises who are already exploring the benefits of AI. The opportunity cost of not investing in AI is significant, as it may lead to a loss of market share and competitiveness. Research suggests that SMEs that adopt AI early on can leapfrog larger organizations and gain a first-mover advantage, ultimately leading to increased revenue and growth. Therefore, small businesses must prioritise AI adoption and invest in the necessary resources and infrastructure to stay ahead of the curve and capitalise on the benefits of AI-driven innovation. However, SMEs poor knowledge and lack of resources can be significant barriers to fully realising the benefits arising from adopting AI-driven business strategies.

Hence, this research aims to explore factors influencing Western Australian SMEs in their AI adoption, maturity and readiness across different industry verticals. The research will look at a range of theoretical frameworks including government initiatives including Singapore and Finland in promoting AI adoption.

**Research Questions:**

- What are the key factors influencing SMEs' AI adoption decisions? What changes do SMEs need to make within their organizations to effectively adopt and utilize AI?
- How do SMEs perceive the benefits and challenges of AI adoption? How can SMEs develop a clear vision and strategy for integrating AI into their business operations?
- What are the current gaps in existing AI maturity models for SMEs? How can AI maturity models be adapted or modified to better suit SMEs' needs? How can the government play a more active role?

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