



Talent Strategies Supporting Small Business AI Adoption

Recommendations for Small Businesses

Developed by the Center for Artificial
Intelligence & the Future of Work



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Introduction

Rapid developments in artificial intelligence have made this technology more accessible to more companies and accelerated its use for growth and operational efficiency.¹ While the long-term impact of AI on jobs is not yet clear, AI adoption holds the potential to transform existing jobs and create new ones across every sector of our economy, including within small businesses.

Small businesses employ 46% of the U.S. private sector workforce and have created more than 60% of all new jobs since 1995, but how they are preparing employees to adapt in the age of AI is not yet well understood.²

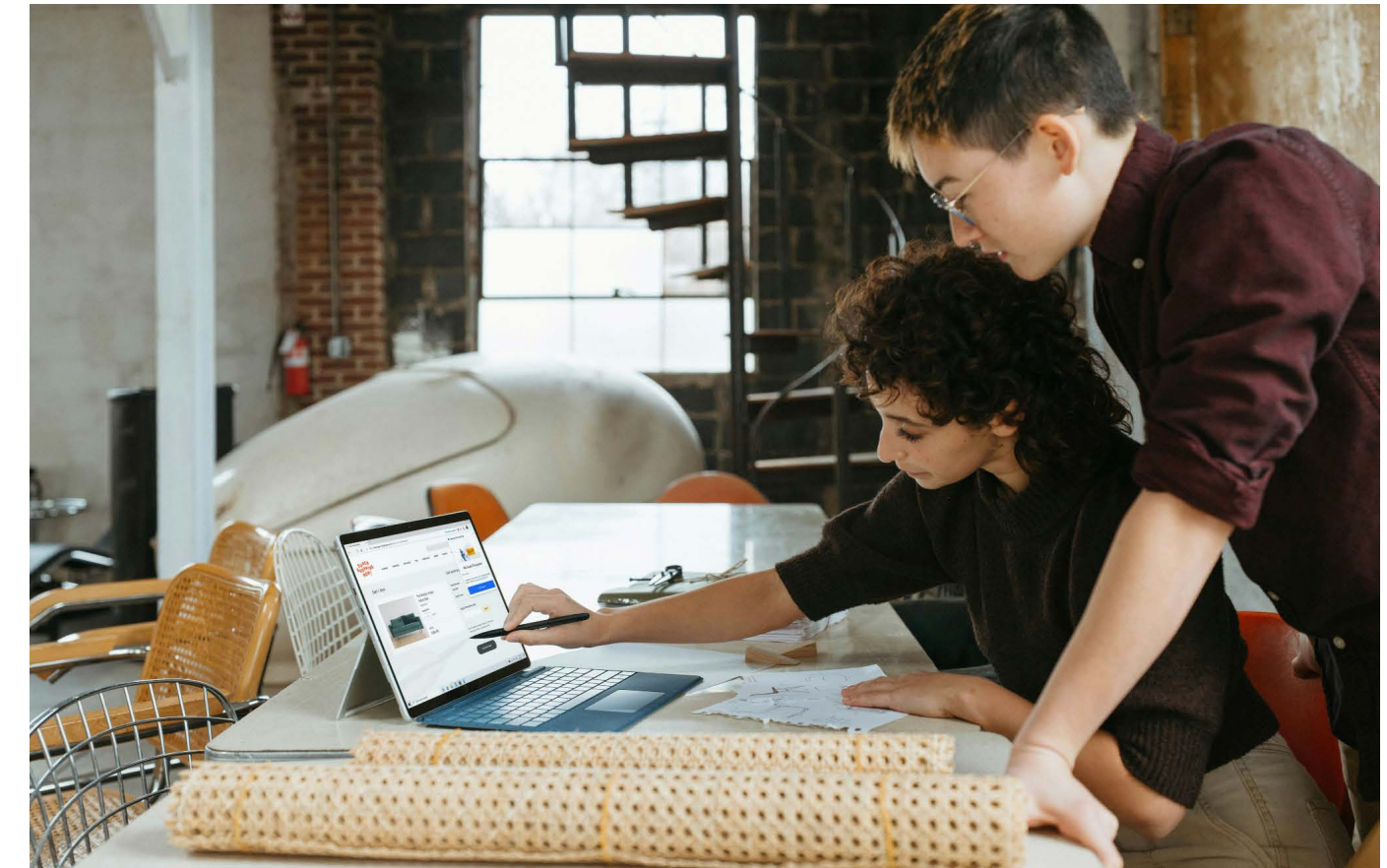
“We need to maintain a talent pipeline and offer pathways to upward mobility. Our use of robots has never meant someone loses a job but that we can upskill and pay higher wages because of an automated process and to also in the process stay globally competitive.”

–Arthur Hoelke, General Manager, Knight Arm Co.

INTRODUCTION

Building on [The AI-Ready Workforce](#), prior Jobs for the Future (JFF) research analyzing how AI adoption may transform in-demand jobs that are accessible to people without bachelor's degrees in key U.S. industries, we aimed to:

- Understand how small businesses are thinking about and using AI technology
- Examine how small businesses see AI impacting employees and jobs, now and in the future
- Develop talent-focused recommendations for actions small businesses can take to support their workforces as they adopt potentially job-transforming or job-creating AI solutions



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Methodology: Small Business Engagement

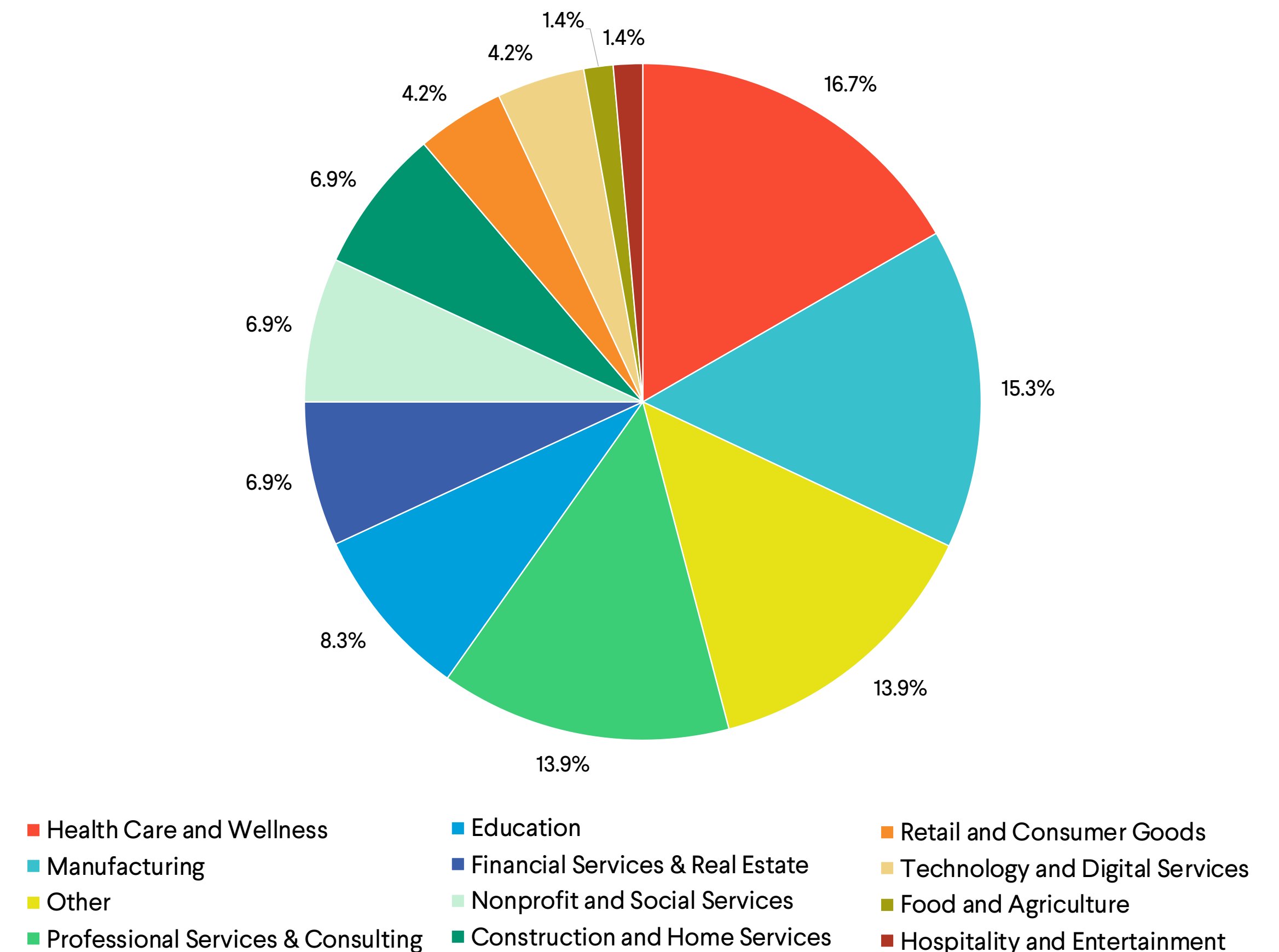
For this research, we engaged with leaders from 72 small businesses and 4 regional organizations serving small businesses, via one-on-one interviews and surveys in the late summer and early fall of 2024.

- ▶ Survey responses from leaders of 72 small businesses (with a range of AI knowledge, adoption, and enthusiasm)
- ▶ Interviews with leaders of 22 small businesses and 4 regional small business development organizations following survey responses

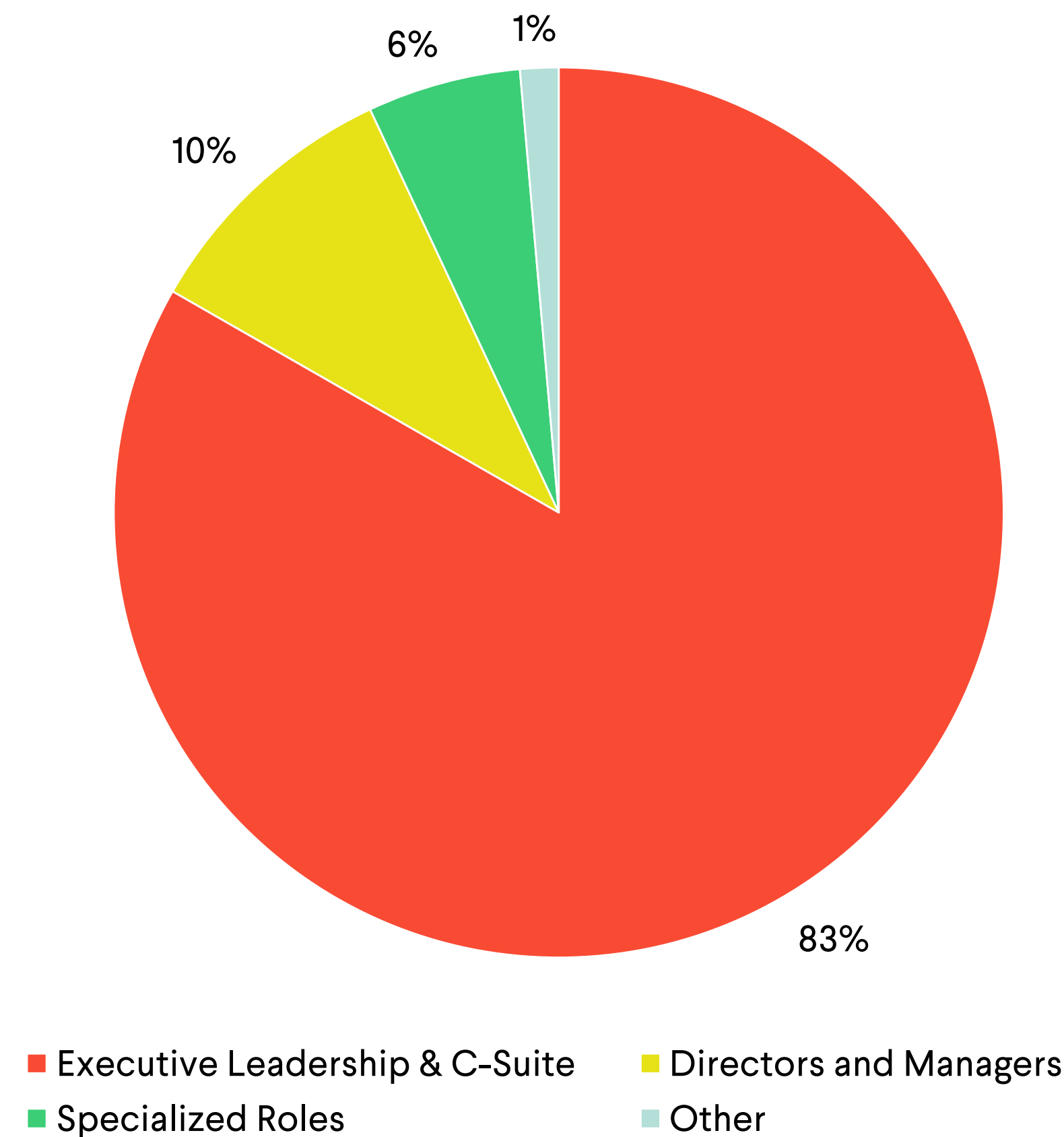
Snapshot of small business AI adoption:

- ▶ The most common reasons for AI adoption are to promote operational and cost efficiencies and to foster creativity and innovation.
- ▶ The common perceived risks of AI use center around data security and privacy concerns, ethical concerns related to biases in the technology, and early-stage limitations (such as factual errors).

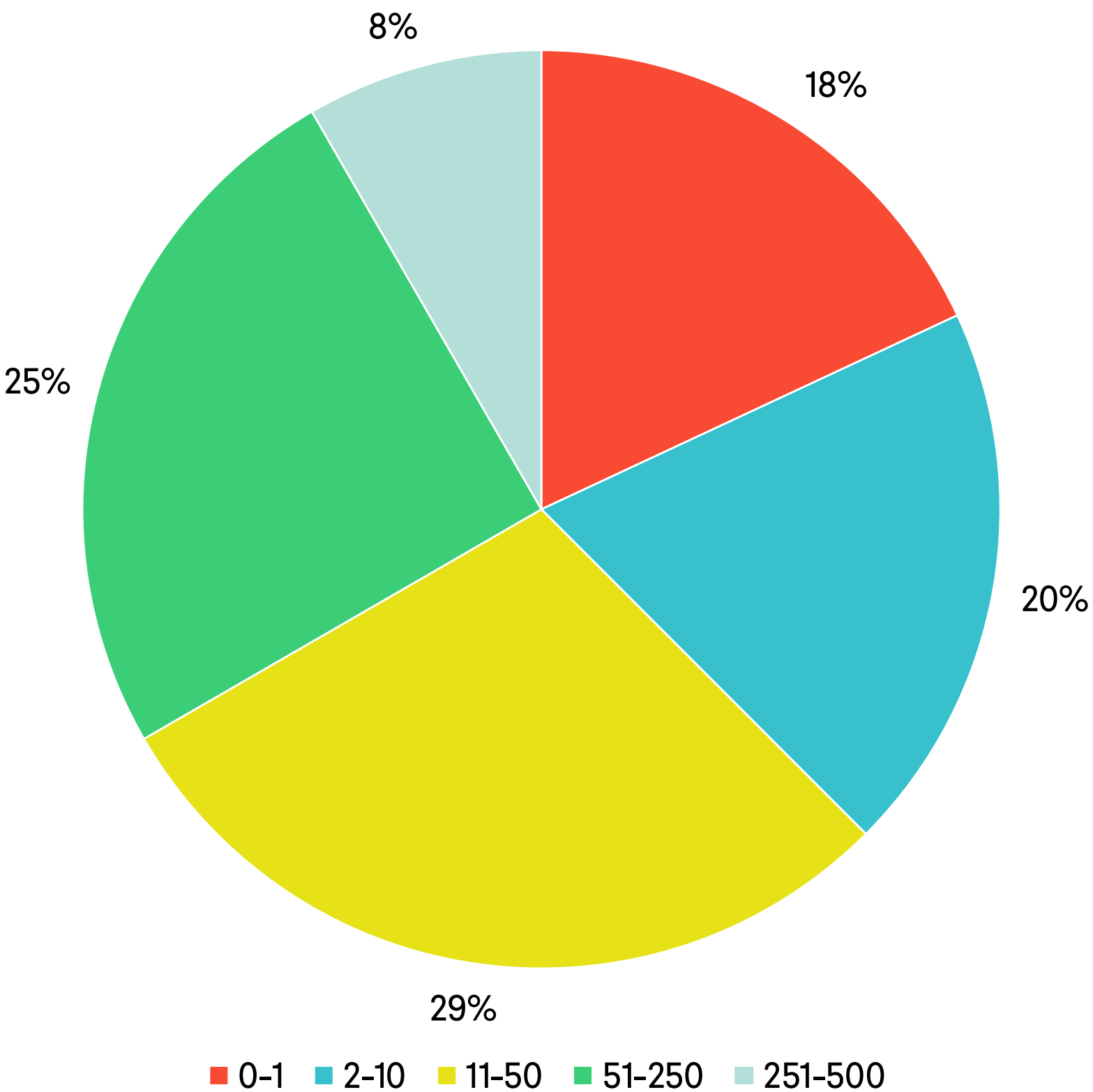
Survey Respondents' Industries



Respondents' Roles in Their Organizations



Business Size of Respondents (Number of Employees)



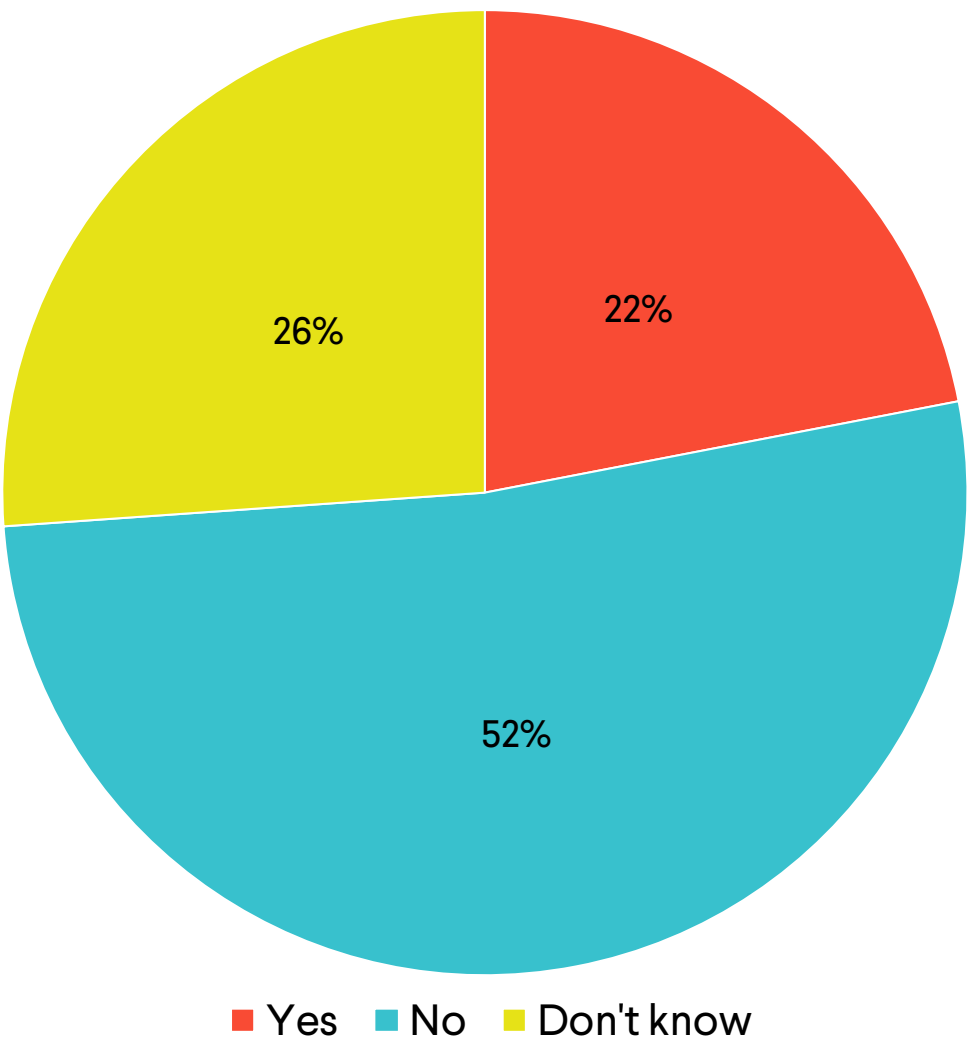


Current State: Small Business AI Adoption and Perceived Workforce Implications

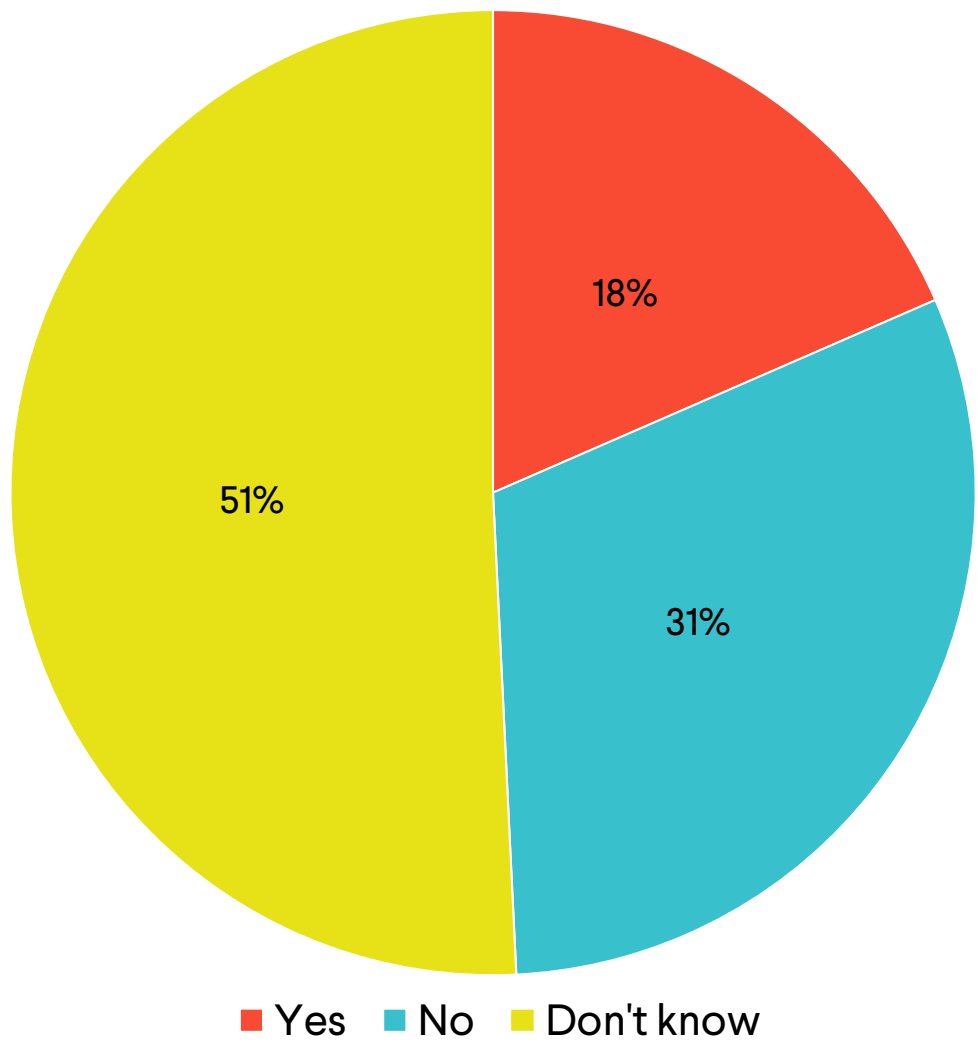
Small businesses are optimistic about AI’s potential to be a growth engine that creates jobs and improves job quality.

- 52% of the small business respondents said they did not anticipate any jobs being fully replaced by AI. In a follow-up question, 18% said they anticipated new jobs being created due to AI adoption.
- From our interviews, we learned that business leaders see AI as a way to grow their businesses at a rate not previously possible, potentially leading to a net increase in jobs, although uncertainty remains.

Do you anticipate specific jobs in your business being replaced by AI in the future?

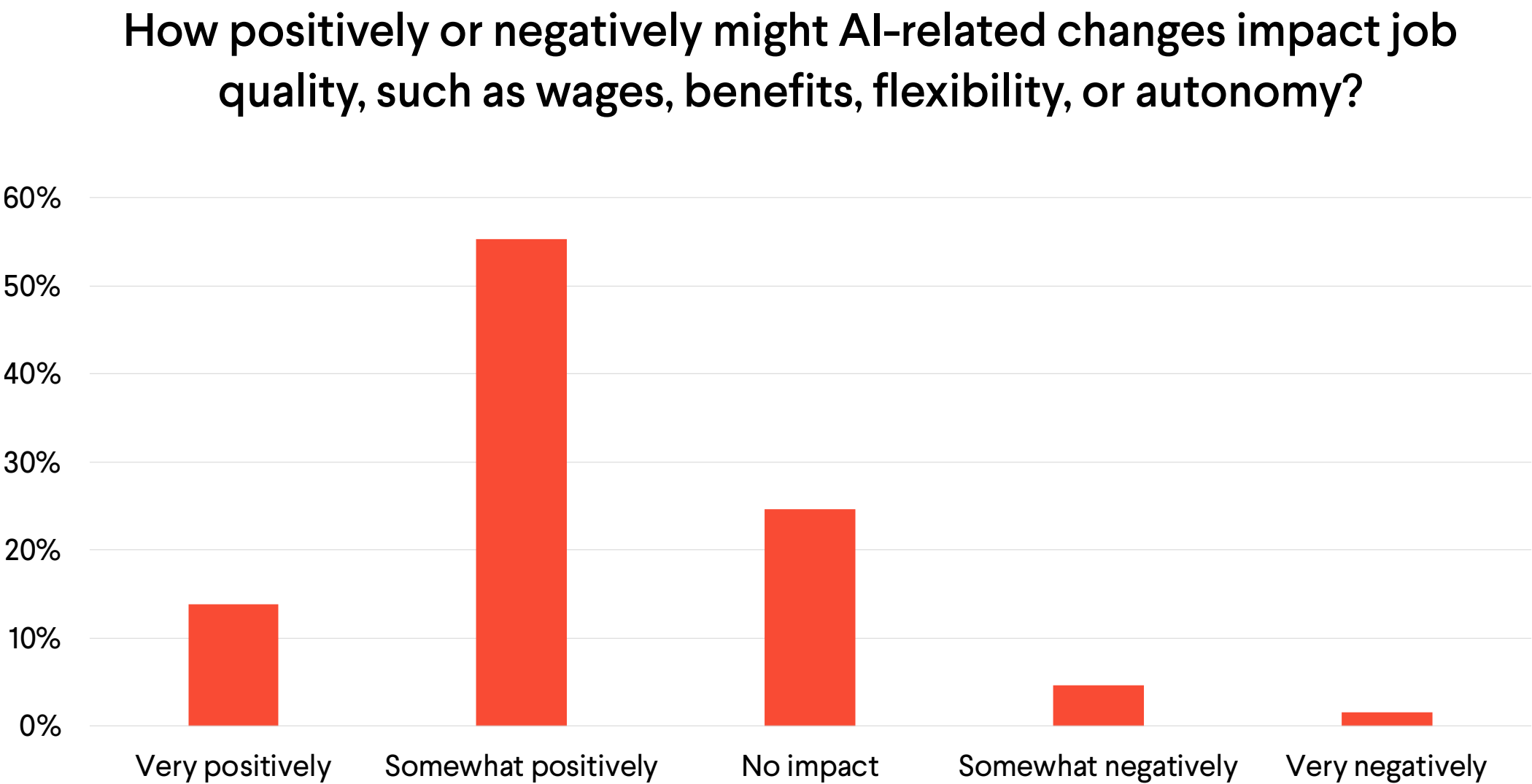


Do you anticipate new job roles being created in your organization due to AI adoption?



CURRENT STATE: SMALL BUSINESS AI ADOPTION AND PERCEIVED WORKFORCE IMPLICATIONS

- 70% of small business respondents said that they expect AI to very positively or somewhat positively affect wages, benefits, flexibility, and autonomy in job roles.



“If the business is growing, we wouldn’t lay people off because of AI, but rather we could be double the size in five years with one additional office person.”

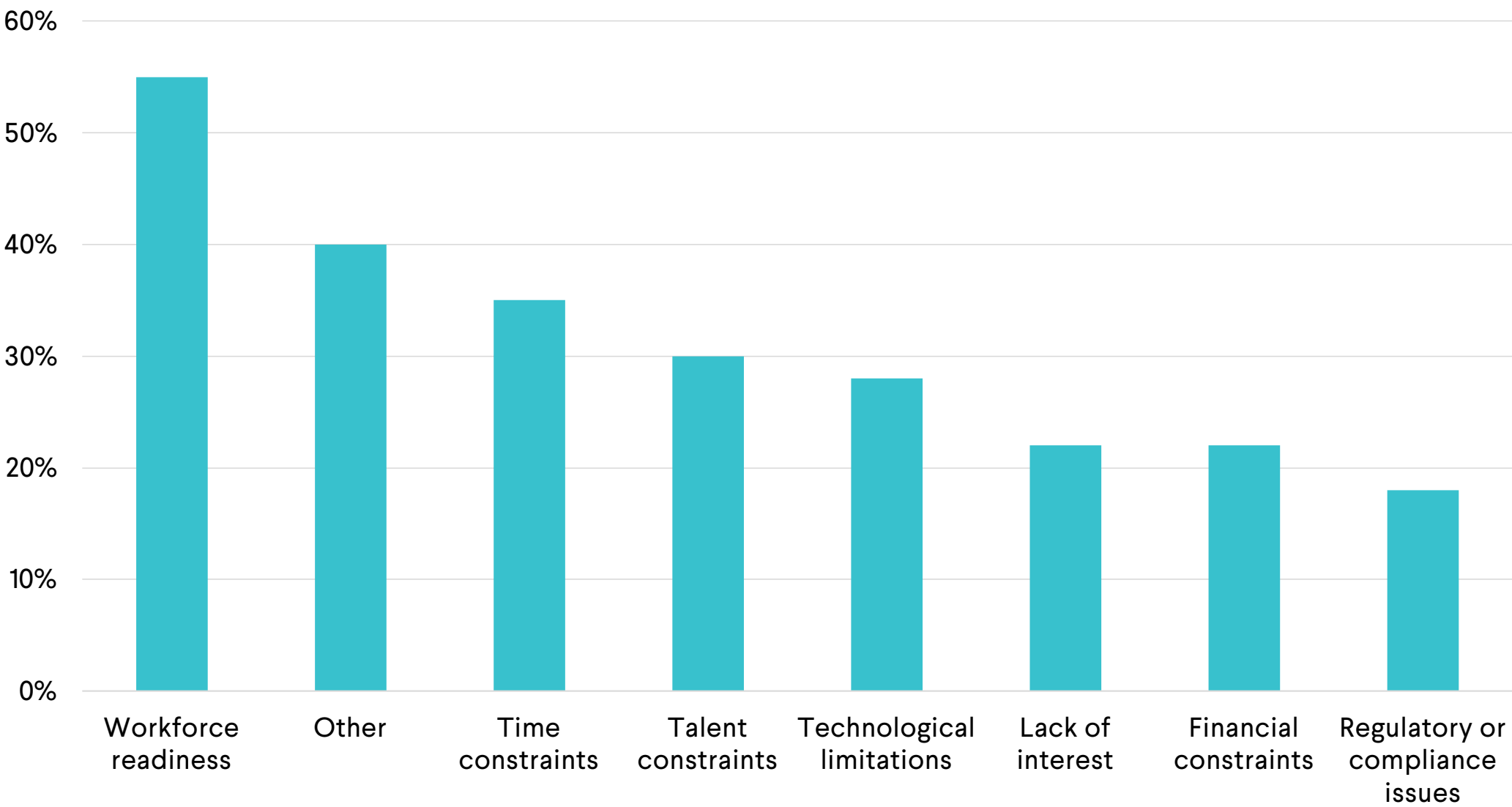
–Frank Barton, Owner, Right at Home

Small business workforces are essential for AI adoption, in more ways than one.

A perceived lack of workforce readiness is a key barrier to AI adoption—and workforce training is an essential ingredient for implementation.

- Among businesses that had not yet adopted AI in their operations, “workforce readiness” was the most commonly identified barrier, cited by 57% of these companies. In both surveys and follow-on interviews, business leaders expressed particular concern about AI readiness among older and frontline employees. “Talent constraints” was another often-cited barrier.
- Workforce readiness remains a challenge after businesses have adopted AI tools. When interviewed, business leaders who have begun to integrate AI identified access to affordable and practical training for AI literacy and domain-specific integration as a key concern, along with finding time to develop thoughtful AI strategies and policies. Business leaders also cited an incomplete understanding of the risks involved, including data security and privacy protections, as a challenge following AI adoption.

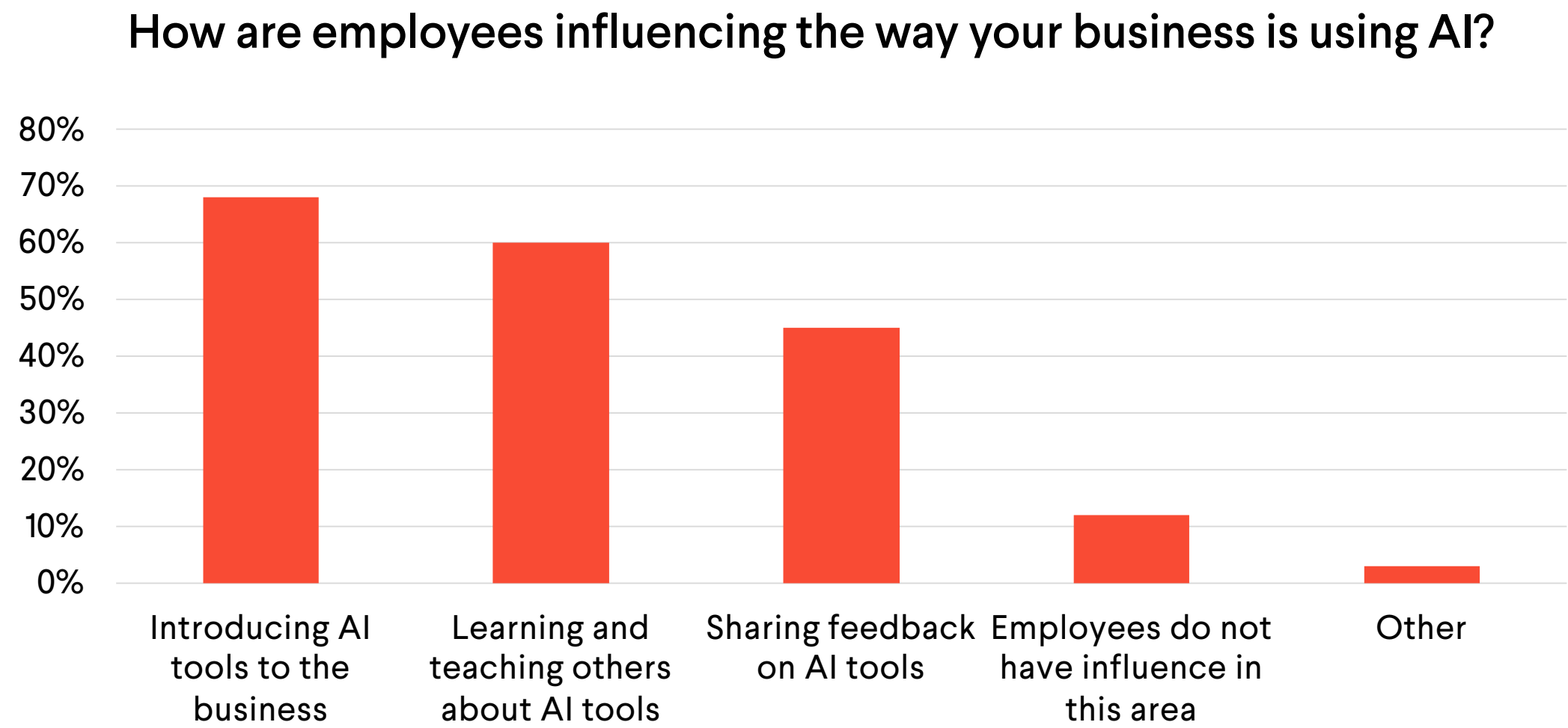
What if, if any, are the key factors influencing your business’s decision to operate without AI technologies?



Note: Multiple responses allowed.

At the same time, employees are emerging as a vital source of insight on AI’s potential to impact their jobs.

- Of businesses using AI, 67% report that employees are playing a role in introducing AI tools to the business, and 59% report that employees are learning from and teaching one another about AI tools.



Note: Multiple responses allowed.



“The urgency was from [my employees] to adopt it now or be left behind.”

–Jeanette Nigro, Founder & Principal, Perch Advisors

Small business leaders foresee a greater need for human and professional skills as AI takes hold.

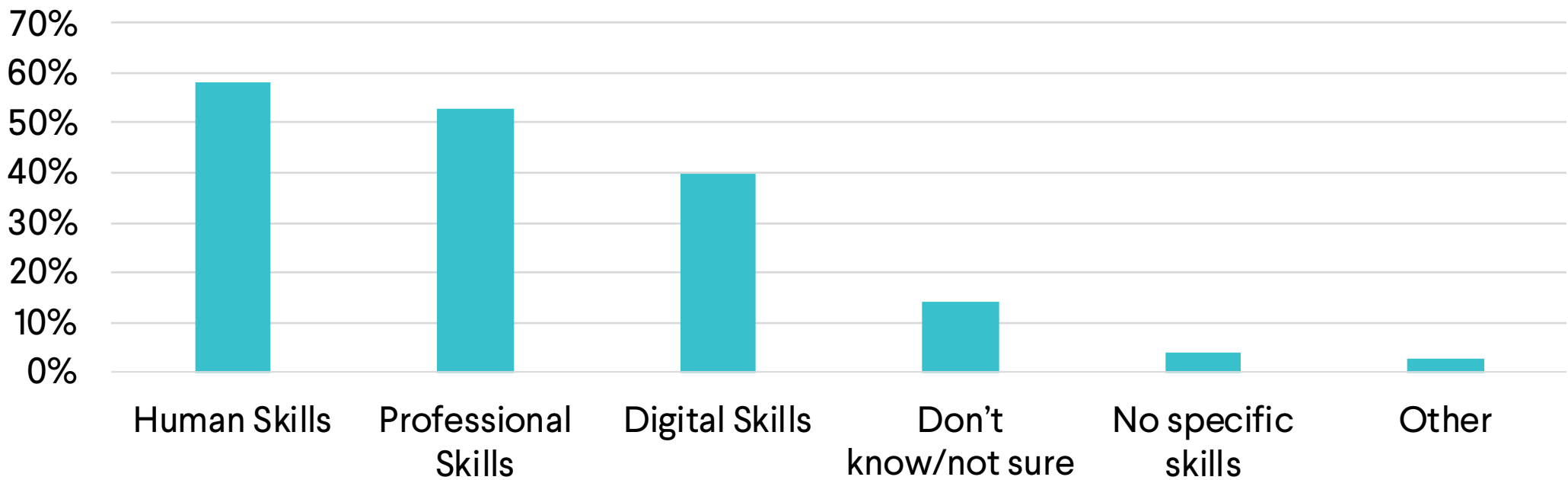
Small business leaders said AI will increase demand for human and professional skills ...

- 58% of surveyed small business leaders said they see human skills becoming more important for employees, and 53% said professional skills will increase in importance.
- In interviews, small business leaders said they anticipate that AI will make generalized professional skills and human skills—like communication, problem-solving, management, and leadership—more important for employees to develop and possess.

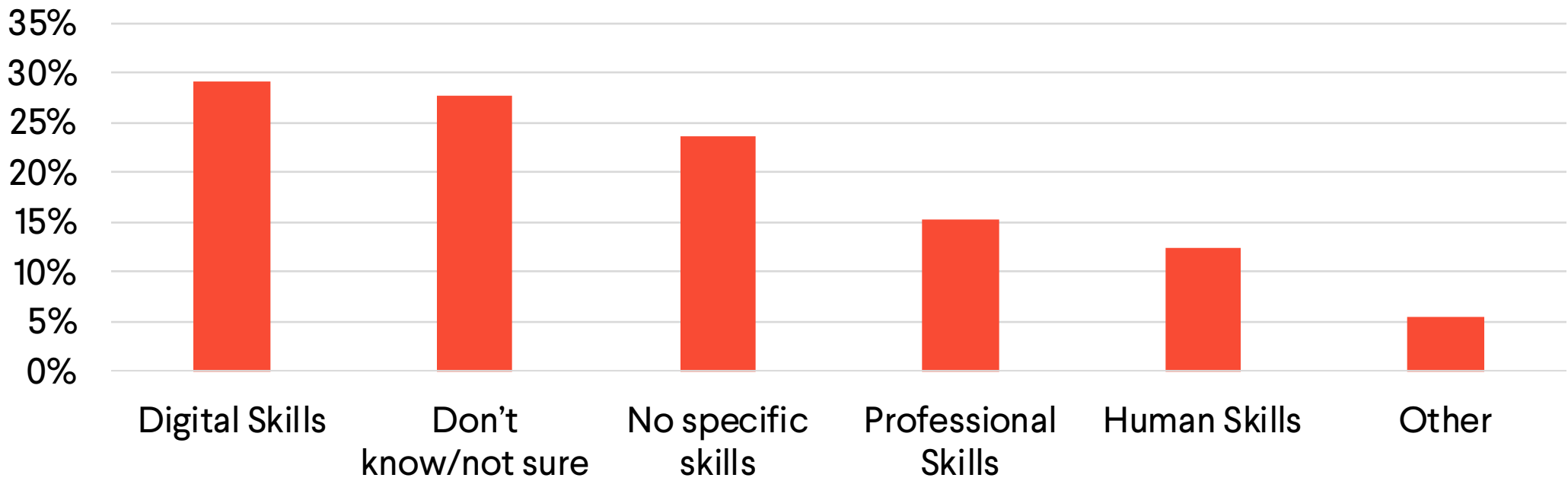
... and likely decrease demand for—or the half-lives of—more specialized and digital skills.

- In interviews, small business leaders said specialized professional skills like technical support services and operations are likely to be automated or supplemented by AI.

Are there specific skills that you think will be more important for your employees to have in the age of AI?



Are there specific skills that you think will be less important for your employees to have in the age of AI?



Note: Multiple responses allowed.



“[The human things like] Attention to detail, reading comprehension, empathy, and ability to contextualize a variety of things are going to be consistent, but the tools that we use will change.”

–Averi Frost, Executive Director, Freedom Equity



Recommendations for Talent Development Practices Supporting AI Adoption

An intentional focus on talent development and support for small business workforces as part of AI adoption strategies can help overcome implementation barriers, identify new ideas for uses of AI, fuel employee engagement, and help employees and businesses alike adapt to rapid shifts in in-demand skills.

Our recommendations fall into these focus areas:

**Engage Employees in Shaping
Values-Based AI Decision-Making**

Invest in AI Training for Your Team

Encourage a Culture of Experimentation

Incorporate Employee Voice

Monitor Success Through Continuous Evaluation



Engage Employees in Shaping Values-Based AI Decision-Making

IN ACTION

- 1 **Bring employees and company leaders together to co-create values and governance frameworks for AI that incorporate employee perspectives.**

Examples include:

- ▶ Engaging employees to identify initial ideas for AI use cases that they believe would generate innovation, growth, and improved employee experience; involving employees at all levels in the creation and ongoing review of AI governance frameworks, policies, and practices.

- 2 **Support employee adoption by addressing security and privacy concerns.**

Examples include:

- ▶ Requiring training for leadership and employees that includes data cleaning and considerations of data anonymity; investing in AI tools that have enhanced security features to keep data safe; referencing resources such as [Google's Secure AI Framework](#).

3 Identify use cases for AI that are aligned with employee engagement and growth.

Examples include:

- ▶ Prioritizing easy wins that will immediately take mundane, repetitive tasks out of your employees' hands; focusing on high-impact areas to enhance efficiency and improve employees' experiences, such as reducing manual labor or providing help with decision-making; seeking out opportunities to use AI for innovations (for example, customizing services or products and predicting future trends) that will lead to business growth, more jobs, and shared prosperity for everyone.



Invest in AI Training for Your Team

IN ACTION

- 1 Make sure everyone knows what AI is and understands the basics of how it can be used.**

Examples include:

- ▶ Offering foundational AI competency training to all employees during normal work hours; setting a budget aside for ongoing training.

- 2 Address any changes in employees' jobs due to AI.**

Examples include:

- ▶ Providing formal training for any new applications and for the use of specific platforms and tools; carefully monitoring the impact on jobs within the organization, including surveying staff about the frequency and nature of their AI use and its impact on job quality; rewriting job descriptions so employees understand their new roles with AI.

- 3 Prepare employees to maintain human oversight.**

Examples include:

- ▶ Providing training and resources to teach evaluation and analysis of AI-generated outputs; giving employees guidelines and tools that will enable them to ensure that AI-generated content represents the company's voice.

- 4 Get creative with your training budget.**

Examples include:

- ▶ Finding local training and technology tax credits and other incentive programs; tapping into local small business development organizations to find free or affordable training.

Encourage a Culture of Experimentation

IN ACTION

- 1 Give employees opportunities to use AI to solve problems the company may be experiencing, ensuring that they have the time and resources they need to do that.**

Examples include:

- ▶ Identifying “AI testers” at all the levels of the company who would try new tools and share their feedback; setting up an “AI demo day” or hackathon where employees try new tools and share their experiences; setting up contests, rewards, or recognition programs that give employees incentives for coming up with suggestions for innovative uses of AI.

- 2 Make AI easily accessible and usable for employees at all levels.**

Examples include:

- ▶ Downloading AI tools on frontline employee devices to encourage use of and experimentation with the tools, guided by appropriate processes and procedures; identifying internal “AI experts” who will be compensated for helping other employees troubleshoot challenges.

- 3 Show your commitment to ongoing AI experimentation.**

Examples include:

- ▶ Leaving time for AI tool feedback sessions in team meetings; establishing an AI integration task force and giving them the time and other resources they need to try new things and make mistakes.

Incorporate Employee Voice

IN ACTION

- 1 Learn from your employees and let them help shape their jobs.**

Examples include:

- ▶ Giving employees the opportunity to share their experiences with AI, utilizing both anonymous feedback and open team conversations; giving time and space for employees to solve AI problems and challenges together and learn best practices as a team; asking employees what tasks are repetitive and mundane for them and encouraging them to explore AI solutions; asking employees what new responsibilities they would like to take on as mundane tasks are offloaded to AI.

- 2 Keep the lines of communication open and encourage employees to share wins, challenges, and mistakes.**

Examples include:

- ▶ Facilitating anonymous ways to share feedback; leaving time in team meetings for employees to voice their concerns about AI in a productive way.

3 Keep humans in the loop and in the driver's seat with AI.

Examples include:

- ▶ Sharing stories of successes and failures with employees regularly; assigning AI to do preliminary work, such as drafting reports or analyzing data, but requiring human oversight and review of final outputs; ensuring that all employees are given the time to review AI-assisted work on projects they're responsible for; auditing AI-generated outputs across the company on a regular basis to uphold the integrity, quality, and authenticity of the company's voice.



Monitor Success Through Continuous Evaluation

IN ACTION

- 1 **Collaborate with your employees to decide what impact you want AI to have on your business.**

Examples include:

- ▶ Establishing metrics and key performance indicators (KPI); establishing guiding principles to drive and assess progress.

- 2 **Track established metrics and key performance indicators for companywide AI integration.**

Examples include:

- ▶ Asking your team to track how much AI has changed their job and performance, such as time saved and output quality; asking employees to share how much time and effort they saved in one week by using AI in a key area of their work and track progress; reviewing AI performance with your employees regularly to keep everyone on the same page; integrating AI metrics into broader companywide dashboards and tracking mechanisms.

Endnotes

1. Kate Gibson, “5 Key Benefits of Integrating AI into Your Business,” Harvard Business School Online, August 1, 2024, <https://online.hbs.edu/blog/post/benefits-of-ai-in-business>; Brian Eastwood, “Artificial Intelligence Pays Off When Businesses Go All In,” MIT Management Sloan School, March 27, 2023, <https://mitsloan.mit.edu/ideas-made-to-matter/artificial-intelligence-pays-when-businesses-go-all>; John Hall, “How AI Is Revolutionizing Business Efficiency,” *Forbes*, September 29, 2024, <https://www.forbes.com/sites/johnhall/2024/09/29/how-ai-is-revolutionizing-business-efficiency/>.
2. “The State of Small Business Now,” U.S. Chamber of Commerce, April 10, 2023, <https://www.uschamber.com/small-business/state-of-small-business-now>.

Acknowledgments

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About Jobs for the Future

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About JFFLabs

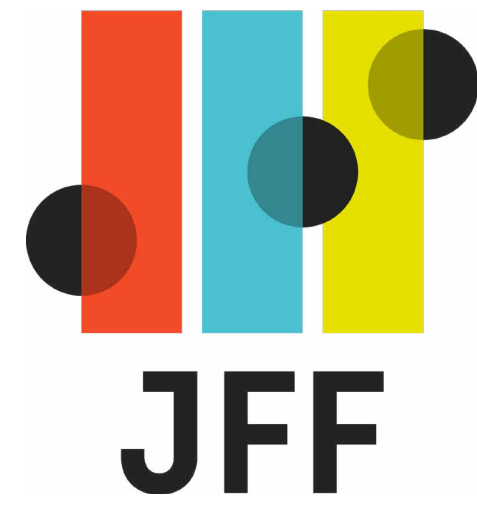
The Center is being incubated under JFFLabs, the innovation lab of JFF that provides the infrastructure to bring solutions from ideation to national-scale social impact. JFFLabs' proven model of insights, incubation, and investment provides robust market analysis, identifies emerging trends, and invests in promising innovators to create, test, and scale transformative models that drive equitable economic advancement. Other incubated practice lines within JFFLabs include climate innovation and lifelong learning. For more information, visit www.jff.org/labs.

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