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Dissertation Proposal

Title: The Impact of Artificial Intelligence (AI) Adoption on Organisational Performance: A Study of Small and Medium-Sized Enterprises (SMEs) in the UK

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1. Introduction

AI is emerging as one of the most impactful technologies of today's business world. AI is a term used for technologies that can execute tasks normally carried out by human intelligence such as data analysis, prediction, automation, decision support, natural language processing and pattern recognition. In the business organisations, AI is now used for Customer Relationship Management, Marketing, Financial management, Human Resource Management, Logistics, Operations and strategic decision making (Ansari and Tabassum, 2024). AI implementation may be more likely to benefit from robust financial backing, technical expertise, and sophisticated digital infrastructure within large organisations. However, small and medium-sized enterprises with small budgets and resources often lack formal technology plans and smaller staffs.

SMEs play a key role in economy of the UK. They form the backbone of the UK's business and employment base, and are a major contributor of innovation and regional economic development. Hence, the implications of whether and how AI adoption positively affects organisational performance of SMEs from an academic and managerial standpoint are highly relevant. The UK Government has also been focusing more on AI as a means of driving economic growth, productivity and competitiveness. But not all good things come from the use of AI. The potential benefits for some SMEs include efficiency, quicker decision making, better customer service, innovation, and cost, while resistance from employees, poor data quality, insufficient skill, strategic planning issues, or other factors may be problematic for some SMEs (Brandy, 2023).

Despite the broad acceptance of AI's promise as an aid to organisational performance, there remains a lack of context-specific evidence of the effect of AI adoption on UK SMEs and it was the research problem. The current literature focuses either on the adoption of AI in large companies or on adopting barriers in general. It is desired that a narrow focus study at an MBA level is conducted that will examine the practical application of AI in the performance of UK SMEs with reference to the primary data from SME respondents and secondary data from published reports, academic papers and industry sources.

This dissertation aims to investigate the role that the use of AI has played on the performance of SMEs in the UK. The research will focus on the implications of AI for operational efficiency, decision making, customer service, innovation and competitiveness.

The specific objectives are:

1. To investigate the extent and nature of small and medium enterprise (SME) use of artificial intelligence (AI) in the UK.
2. To measure the impact of AI adoption on organisational performance as perceived by the users.
3. To identify key organisational, technological and environmental factors that support or restrict successful AI adoption.
4. To compare primary findings with secondary evidence from academic and industry sources.
5. To provide practical recommendations for SME managers seeking to adopt AI effectively.

The proposed research questions are:

1. How are SMEs in the UK adopting AI in their business operations?
2. What impact does AI adoption have on organisational performance in UK SMEs?
3. What factors enable or hinder effective AI adoption in UK SMEs?
4. How can SMEs improve the strategic use of AI to enhance performance?

The study will be designed in mixed method design which involves primary and secondary data, the primary data comes from study and secondary data from academic studies, government reports and respectable business publications. It is suitable in this situation, because there is a need for both evidence of performance related to the topic and an understanding of managerial experience in the context of the topic.

2. Literature Review

There are three primary themes in the literature related to the topic of adopting AI and organisational performance: AI as a strategic capability, AI adoption in SMEs, and the performance outcomes of AI adoption.

Let's first look at the concept of AI in the context of the Resource Based View of the Firm. From this viewpoint a company has a competitive advantage if it has valuable, rare, inimitable and well-organised resources. AI may not be the rare thing in itself, particularly as many AI tools are now commercial products. But the skill to effectively use AI, coupled with high-quality data, to redesign business processes and build employee capabilities can be an asset to the organisation. As reasoned by Wamba et al. (2024), AI capability can impact the performance of the firm, especially if accompanied by a data driven culture. Likewise, Chen et al. (2022)

recommends that AI could enhance the performance of the firm when it aids decision making, creativity and innovation.

Secondly, the Technology-Organisation-Environments framework can help to understand the adoption of AI in SMEs. According to the TOE model, technological factors, organisational readiness, and external pressures are determinants for technology adoption. Technological factors can refer to compatibility with current systems, data availability, and the perceived usefulness in the context of AI. Organisational factors can be management support, digital skills of employees, financial readiness and innovation culture. Customer demand, competition in the market, government support and government expectations are all examples of environmental factors. Badghish and Soomro (2024) discovered that relative benefit, compatibility, human capital, market requirement and government assistance impact AI utilisation in SMEs. This aligns with the idea that the adoption of AI is a strategic and organisational process, rather than a mere technical one.

Third, the research indicates that the challenges for smaller companies adapting AI are unique to SMEs. In a European SME study, Arroyabe et al (2024) identified digital capabilities and innovation capabilities as drivers for the adoption of AI. Their conclusions indicate that there may be more to it than external support; internal organisational skills may play a more significant role. As stated by Ayinaddis (2025), the research on AI adoption has been divided, and SMEs have fewer resources, lack digital maturity when compared to large companies, and have a smaller data management and implementation capacity.

Potential benefits of AI implementation include increases in operational efficiency, reduction in costs, quicker decision making, increased forecasting accuracy, enhanced personalised customer service, better marketing, process automation, and innovation. AI Chatbots can enhance customer response time, AI Analytics can aid in sales forecasting, and AI-powered automation can streamline repetitive administrative tasks. The literature has also cautioned about the potential for AI's failure to be adopted when companies install tools without a clear strategy, data that is not reliable, employees who are not trained or do not have measuring tools to track their performance.

There is a lack in literature on how many studies focus solely on the intention of adoption, or solely on the technological readiness, or on the impact of the direct adoption of AI on the performance of the organisation in UK SMEs. The context of the UK is crucial because SMEs have to work in a certain institutional, economic and regulatory setting. Further, the emergence of generative AI has also democratised AI tools, which means that smaller companies are starting to use them in greater numbers, and there is a clear need to understand if adoption is

having positive impact on their organisation. This study will fill the gap by gathering primary data from SME owners, managers or employees from United Kingdom and secondary data from published research and reports.

3. Methodology

3.1 Research Design and Model

This study will be designed according to the Research Onion Model, which has been developed by Saunders, Lewis and Thornhill, as it is clear and systematic in designing business research. The model is designed to link the research philosophy, approach, strategy, methodological choice, time horizon, data collection and analysis methods to the overall research aim (Perera et al., 2022).

3.2 Research Philosophy

The research paradigm used in the study will be pragmatic. This is appropriate as the research is addressing a real business question: The impact of the adoption of AI on UK SMEs' organisational performance. Both quantitative and qualitative evidence is acceptable for addressing real-world research questions in a pragmatic manner.

3.3 Research Approach

The method of the research will primarily be deductive since the research is guided by the concept of existing theory such as the Technology-Organisation-Environment framework and the Resource-Based View. These theories will be used to shed light on the factors that shape the adoption and effectiveness of AI in the context of technological readiness, organisational capability, and external pressures. There can also be an inductive form of small inductive element that can arise from the open-ended answers in a survey.

3.4 Research Strategy

The research strategy will be a survey, supported by secondary data analysis. Primary data will be gathered from SME owners, managers and employees in the UK who are knowledgeable about SME operation and/or technology use via an online questionnaire. The questionnaire will have questions that are rated in a Likert Scale and multiple-choice (closed) questions as well as open questions. It will explore the extent of AI adoption, the use of AI, the perceived benefits, barriers and organisational performance outcomes.

3.5 Methodological Choice

This will be a mixed methods study with the methodological choice being mixed methods due to the use of both primary and secondary data. Patterns will be identified by using quantitative

data and qualitative answers and secondary sources (quotations) will be used to provide explanation and context (Perera et al., 2022).

3.6 Time Horizon and Sampling

It will be a cross-sectional time horizon since, due to the time limit of the MBA dissertation, data will be gathered at one time. The sampling method will be purposive and convenience sampling with the expected sample size of 80-120 respondents.

3.7 Data Analysis and Ethics

Data that is quantitative will be analysed descriptively by using frequencies, percentages and mean scores. Correlation or simple regression analysis can be performed, if appropriate. Themes will be used for analysis of the open-ended responses. Ethical concerns will be considered via informed consent, voluntary participation, confidentiality and secure data handling.

4. Expected Findings

The research will likely find that the adoption of AI has a positive overall effect on the performance of the organisations in the UK SME sector, as certain advantages have been identified in different areas of businesses, such as efficiency, decision-making, customer communication, and productivity. AI-powered tools for customer service, marketing analytics, administrative automation, or predictive customer service could bring advantages to SMEs, such as improved speed, accuracy, and responsiveness.

The study will also reveal that the advantages of AI are not guaranteed, however. SMEs that are more prepared in the digital area, better supported by management and their employees are more likely to benefit in performance. SMEs with weak technical knowledge or unclear implementation strategies, or those with poor data quality or limited budgets, on the other hand, may report limited impact (Oldemeyer et al., 2025). Hence, the research's anticipated result is that the implementation of AI can enhance organisational performance when it is integrated according to the organisational needs and has the capability to be implemented in the organisation.

The results could also reveal that a large number of SMEs are leveraging simple or readily-available AI tools instead of more sophisticated, custom-built AI systems. This would mirror the reality of smaller companies, where implementing new technologies often starts with cost-effective solutions like chatbots, generative AI writing tools, automated reporting systems, or customer analytics platforms.

5. Limitations

There are a number of limitations to the study. Firstly, the sample size will be restricted due to time and access limitations and therefore the results may not be representative of all UK SMEs. Second, the study will be based on some self-reported perceptions of performance that could create some bias. Third, the outcomes of the adoption of AI will vary by industry, size, and digital maturity of SMEs. Fourth, AI technology is evolving quickly, so results might not be as current as they become.

To minimise these constraints, the study will employ clear survey questions, mix primary and secondary data, and interpret the results conservatively. If reliable secondary or respondent-provided financial performance data are not available the research will not attempt to measure actual financial performance. Instead, it will concentrate on how the company is doing and actual managerial learning.

6. Timeframe

Activity	W 1	W 2	W 3	W 4	W 5	W 6	W 7	W 8	W 9	W1 0	W1 1	W1 2	W1 3	W1 4	W1 5	W1 6
Finalise topic and proposal																
Conduct detailed literature review																
Design questionnaire and ethics preparation																
Collect primary data																
Collect and organise secondary data																
Analyse survey data																
Interpret findings and discussion																
Write full dissertation draft																
Review, edit and proofread																
Final submission preparation																

7. Conclusion

The proposed study aims to investigate the effects of AI on the performance of SMEs in the UK. The relevance of the topic is that the use of AI is becoming a major influence on business operations and SMEs are at the heart of the UK economy. While AI can provide SMEs with opportunities to become more efficient, innovative, and competitive, there are potential

challenges regarding cost, skills, data quality, and strategic readiness. The study will be conducted as a mixed-method study, which is derived from the primary survey data and secondary evidence. The research will analyse if AI can improve performance and how SMEs can benefit from the adoption of AI, using the TOE framework and Resource Based View. The study will have implications for SME managers in practical terms and give academics valuable insight into the process of adopting AI in a UK business environment.

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