


Chapter 8

The Role of Artificial Intelligence in Business Management: The Future of Small and Medium-Sized Enterprise


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ABSTRACT

Artificial intelligence is essential for improving corporate operations and productivity optimization. Due to the Fourth Industrial Revolution's effects on digital competitiveness, businesses are becoming more interested in upgrading to a higher technical order. This is closely related to artificial intelligence-based "smart" automation, which removes human labor from various corporate processes. (Akter et al., 2020). This study aims to look into the role and advantages of artificial intelligence (AI) tools in small and medium-sized businesses, as well as how company management will change in the future as a result of their ability to gain a competitive edge via the use or advancement of technical features. This paradigm provides resources as standard utilities that users may rent and release over the Internet as needed. (Avram, 2014). To get a comprehensive grasp of the difficulties, advantages, and moral implications of AI-driven corporate initiatives, a qualitative methodology comprising focus groups and interviews will be employed.

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INTRODUCTION

The potential of artificial intelligence (AI) to revolutionize business and improve adoption opportunities for small and medium-sized firms (SMEs) through reduced costs and more research is contributing to AI being exponentially more prominent (Govori & Sejdija, 2023). Small and medium-sized businesses (SMEs) are essential to the economic foundation of many nations. The European Commission defines SMEs as those with less than 250 people and less than €50 million in turnover or income as they want to encourage entrepreneurship and enhance the business environment of SMEs. Additionally, 99% of EU workers are employed by SMEs. SMEs contribute to two-thirds of the new employment opportunities, according to the US government (Hansen & Bøgh, 2021). Artificial Intelligence (AI) provides SMEs with growth opportunities in the business world. AI has the potential to change the way businesses function completely. SMEs may significantly reduce their operating expenses by utilizing AI, which opens the door to greater productivity and market competitiveness. The exponential growth of AI is further fueled by ongoing research and development, which gives SMEs access to advanced technologies to improve their goods and services. Consequently, AI is emerging as a key driver of innovation and leading SMEs into a new era of sustained growth and prosperity. Adopting AI can be a wise strategic move for SMEs hoping to prosper in a changing, technologically-driven business climate. The adoption of digital technologies by small and medium-sized businesses (SMEs) has been particularly slow (Bettoni, Matteri, Montini, Gładysz, & Carpanzano, 2021). SMEs face challenges while implementing AI-based innovations, frequently as a result of limited resources and a lack of awareness of social and technological advancements, which hampers their capacity to apply AI to decision-making processes in an efficient manner (Bettoni, Matteri, Montini, Gładysz, & Carpanzano, 2021). For example, bookkeeping is essential for managing financial transactions and recording business activities as bookkeeping management evolved from manual to electronic, tasks became more streamlined and efficient. Although machine learning, auto journal record entries, document recognition, optical character recognition (OCR), and other automated bookkeeping systems have become more effective due to artificial intelligence, small and medium-sized businesses are still hesitant to adopt these systems (Azman, Mohamed, & Jamil, 2021). These innovative technologies can automate and simplify bookkeeping procedures for small and medium-sized firms, which will enhance accuracy, minimize human error, and save an immense amount of time, and will increase efficiency enabling businesses to handle their finances and resource allocation effectively, concentrate on their primary operations, and eventually increase their overall production.

Through the analysis of patterns in unstructured data, artificial intelligence (AI) is transforming business and enabling small and medium-sized enterprises (SMEs) to become more efficient and operate more successfully, particularly in the areas of finance, human resources, supply chain management, marketing, and production (Ingalagi, Mutkekar, & Kulkarni, 2021). Artificial intelligence aims to gain strategic advantages in various sectors, including E-business, human capital, operations, market research, customer relationships, accounting, finance, sales, and marketing. It improves operational efficiency, increases sales volume, minimizes costs, automates customer management, and collects advanced data. AI-based applications are suitable for large organizations and SMEs, enabling functional marketing and healthcare applications. AI solutions can help SMEs identify prospective customers, communicate relevant information, and align products and services with consumer buying behavior, providing a competitive advantage (Bhalerao, Kumar, Kumar, & Pujari, 2022).

In SMEs, artificial intelligence (AI) is crucial because it can analyze vast amounts of data, identify potential threats, improve productivity and inventory, enhance financial stability, assist in talent acquisi-

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