CHAPTER 7

MACHINE LEARNING IN MSMEs AN EMPIRICAL STUDY ON VARIOUS FACTORS

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KEYWORD	ABSTRACT

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Artificial Intelligence (AI), Automatically, Revolutionize.

ABSTRACT

In today's fast-paced and highly competitive business landscape, micro, small, and medium enterprises (MSMEs) face numerous challenges in staying relevant and thriving. These challenges range from limited resources and budget constraints to intense market competition. To overcome these obstacles and drive innovation, MSMEs are increasingly turning to emerging technologies such as machine learning (ML).

7.1 INTRODUCTION

Machine learning, a subset of artificial intelligence (AI), has gained significant attention in recent years due to its ability to analyze vast amounts of data and extract valuable insights. It enables computers to learn from experience and automatically improve their performance without being explicitly programmed. This technology has the potential to revolutionize the way MSMEs operate, allowing them to make data-driven decisions, optimize processes, and gain a competitive edge.

The adoption of ML in MSMEs offers several benefits. Firstly, it can enhance decision-making by providing accurate and timely insights derived from complex data sets. This empowers MSMEs to identify patterns, trends, and customer preferences, enabling them to make informed strategic choices. Secondly, ML can significantly improve efficiency and productivity by automating repetitive tasks, reducing errors, and optimizing resource allocation. This frees up valuable time and resources, allowing MSMEs to focus on core business activities and innovation.

Moreover, ML can enhance the customer experience by enabling personalized interactions, recommending relevant products or services, and providing timely support through AI-powered chatbots and virtual assistants. This not only enhances customer satisfaction but also improves loyalty and drives repeat business. Additionally, ML can facilitate predictive analytics, enabling MSMEs to forecast market demand, optimize inventory management, and develop targeted marketing strategies.

Despite the numerous advantages, the adoption of ML in MSMEs also comes with its own set of challenges. Limited financial resources, lack of technical expertise, and concerns over data privacy and security are common obstacles that MSMEs must address. However, with the right approach, these challenges can be overcome, and MSMEs can leverage the power of ML to achieve sustainable growth and success.

This research paper aims to explore the application of machine learning in MSMEs, examining its potential benefits, challenges, and success factors. By studying the familiarity of ML in MSMEs, the relationship between external factors and ML adoption, and the impact on work culture, this paper seeks to provide valuable insights for MSMEs considering the integration of ML technologies. The findings will contribute to a deeper understanding of the opportunities and challenges

associated with ML adoption in the context of MSMEs, and offer practical recommendations for successful implementation.

Overall, the integration of machine learning holds immense potential for MSMEs, providing them with a competitive advantage, improved efficiency, and enhanced decision-making capabilities. By embracing ML and overcoming the challenges, MSMEs can unlock new opportunities and drive sustainable growth in the rapidly evolving business landscape.

Since machine learning (ML) was initially used in the 1950s, the subject has rapidly advanced thanks to the development of several programmes, the use of frameworks, the availability of fast hardware for computing, and other factors (OECD 2015). Consequently, there has been a huge rise in the usage of ML programmes in businesses. Recent research have found that around one third of organisations now use machine learning in their daily operations, compared to only 10% in 2015 (Howard and Rowsell-Jones 2019). However, studies also reveal a considerable disparity in the size of the companies. Companies with fewer than 500 people are 4 times less likely to have ML, according to a 2019 study. Small and medium organizations in India want to update improvements on a nonstop premise to stay aggressive.

Embracing statistics innovation to extend performance and the usage of their favorable role of adaptable going for walks frameworks. There are tremendously compelling programming bundles reachable inside the nation for assembling gadgets, that can get rid of waste, percentage advent cycles, and enhance the character of the devices. inside the event that they may be luxurious and past the scope of character small and medium agencies, the bundles can be bought via gatherings of gadgets and utilized at the same time on a duration percentage premise, paying hourly fees. The development of the advertising of small and medium

industries has been appreciably recommended as one of the maximum appropriate manner of developing industry in overpopulated backward countries.

Small and medium agencies in India need to update improvements on a nonstop premise to live aggressive. Embracing records innovation to extend overall performance and the usage of their favorable position of adaptable going for walks frameworks. There are especially compelling programming bundles accessible within the country for assembling gadgets, which could get rid of waste, percent advent cycles, and beautify the individual of the devices. in the event that they will be pricey and beyond the scope of person small and medium organizations, the bundles can be offered thru gatherings of gadgets and applied at the identical time on a period percent premise, paying hourly prices. The improvement of the marketing of small and medium industries has been significantly endorsed as one of the maximum appropriate way of developing enterprise in overpopulated backward nations.

Artificial Intelligence (AI) has emerged as a transformative technology with the potential to revolutionize various aspects of our lives, including business, healthcare, transportation, and communication. AI refers to the development of intelligent machines that can simulate human intelligence and perform tasks that typically require human cognition, such as speech recognition, visual perception, decision-making, and problem-solving.

The rapid advancements in computing power, big data availability, and algorithmic innovations have propelled AI into the forefront of technological progress. Today, AI is being deployed in diverse applications, ranging from virtual assistants and autonomous vehicles to recommendation systems and fraud detection.

In the business world, AI holds immense promise for organizations of all sizes, including micro, small, and medium enterprises (MSMEs). With its ability to analyze vast amounts of data, extract meaningful insights, and make autonomous decisions,

AI empowers businesses to optimize processes, improve decision-making, and deliver personalized experiences to customers.

AI offers several key advantages for MSMEs. Firstly, it can enhance operational efficiency by automating repetitive and mundane tasks, allowing employees to focus on more strategic and creative activities. This leads to increased productivity, cost savings, and improve

overall performance. Secondly, AI enables businesses to gain a deeper understanding of their customers by analyzing their preferences, behaviors, and needs. This facilitates targeted marketing campaigns, personalized recommendations, and tailored customer experiences, ultimately driving customer satisfaction and loyalty.

Furthermore, AI-powered analytics and predictive modeling enable MSMEs to make data-driven decisions, identify trends, forecast demand, and optimize resource allocation. This provides a competitive edge in dynamic and fast-changing markets. Additionally, AI enhances the speed and accuracy of problem-solving, enabling businesses to address challenges in real-time and make agile adjustments to their strategies.

While the potential benefits of AI are vast, its successful adoption does come with certain challenges. MSMEs may face constraints such as limited financial resources, a shortage of skilled AI professionals, and concerns related to data privacy and ethics. However, with proper planning, investment, and strategic implementation, MSMEs can overcome these challenges and leverage AI to drive growth, innovation, and sustainability.

This research paper aims to explore the application of AI in MSMEs, examining its potential merits, challenges, and success factors. By studying the familiarity of AI in MSMEs, the relationship between external factors and AI adoption, and the impact on work culture, this paper seeks to provide valuable insights for MSMEs considering the integration of AI technologies. The findings will contribute to a deeper understanding of the opportunities and challenges associated with AI

adoption in the context of MSMEs and offer practical recommendations for successful implementation.

In conclusion, AI represents a paradigm shift in how businesses operate and make decisions. Its potential to enhance efficiency, improve customer experiences, and enable data-driven decision-making makes it a powerful tool for MSMEs seeking to stay competitive in today's digital age. By embracing AI and addressing the challenges, MSMEs can unlock new opportunities and navigate the evolving business landscape with confidence.

7.1.1 Advantages of AI

- **Automation and Efficiency:** AI enables automation of repetitive and mundane tasks, reducing human effort and increasing operational efficiency. This leads to cost savings, improved productivity, and faster processing times. Decision Making and Accuracy: AI systems can analyze vast amounts of data, identify patterns, and make data-driven decisions with speed and accuracy. This capability enhances decision-making processes and minimizes errors. Personalization and Customer Experience: AI allows businesses to personalize interactions with customers by analyzing their preferences, behavior, and purchase history. This leads to customized recommendations, tailored marketing campaigns, and improved customer experiences.

- **Predictive Analytics:** AI algorithms can forecast future trends, customer demand, and market behavior. This enables businesses to make proactive decisions, optimize inventory management, and develop targeted strategies.

- **Continuous Learning and Improvement:** AI systems can learn from data and adapt their behavior based on new information. This capability enables continuous learning, improvement, and optimization of processes over time.

7.1.2 Disadvantages of AI

- **High Cost:** Developing and implementing AI systems can be expensive, especially for small businesses with limited financial resources. The cost includes infrastructure, specialized software, and skilled professionals.

- **Data Dependence:** AI relies heavily on large and high-quality datasets for training and decision-making. Obtaining and maintaining relevant data can be challenging, especially for businesses with limited data resources.

- **Lack of Human Judgment:** AI systems operate based on predefined algorithms and patterns. They may not possess human intuition, creativity, or judgment, which can limit their ability to handle complex and unique situations.

- **Ethical and Legal Concerns:** AI raises ethical concerns regarding privacy, security, bias, and the potential for job displacement. Ensuring fairness, transparency, and accountability in AI systems is crucial to mitigate these risks.

- **Dependency and Technical Limitations:** Overreliance on AI systems can lead to dependency, making businesses vulnerable to system failures, cyber-attacks, or malfunctions. Additionally, AI technologies have certain limitations, such as difficulty in handling ambiguity and contextual understanding. It is important for businesses to carefully evaluate the advantages and disadvantages of AI, considering their specific needs, resources, and ethical considerations. Striking a balance between human expertise and AI capabilities can lead to optimal outcomes and maximize the potential benefits of this transformative technology. The scope of AI is vast and continually expanding as the field evolves and new applications emerge. AI encompasses a wide range of technologies, methodologies, and approaches that aim to replicate or simulate human intelligence and cognitive abilities. The scope of AI can be categorized into various domains:

- **Machine Learning:** Machine learning is a subset of AI that focuses on algorithms and statistical models that enable computers to learn from data and make predictions or decisions without being explicitly programmed. This field includes supervised learning, unsupervised learning, and reinforcement learning techniques.

- **Natural Language Processing (NLP):** NLP involves the interaction between computers and human language. It encompasses tasks such as speech recognition, natural language understanding, sentiment analysis, machine translation, and text generation. NLP enables machines to understand and generate human language, enabling applications like chatbots, virtual assistants, and language processing systems.

- **Computer Vision:** Computer vision focuses on enabling computers to interpret and understand visual information from images or videos. It involves tasks such as image recognition, object detection, image segmentation, and facial recognition. Computer vision finds applications in various fields, including autonomous vehicles, surveillance systems, medical imaging, and augmented reality.

- **Robotics and Autonomous Systems:** AI plays a crucial role in robotics, enabling machines to perceive their environment, make decisions, and interact with humans and objects. Autonomous systems, such as self-driving cars and drones, rely on AI algorithms for navigation, object detection, and decision-making.

- **Expert Systems:** Expert systems aim to mimic human expertise and knowledge in specific domains. These systems incorporate rules and logic to solve complex problems, provide recommendations, and make informed decisions in areas such as medicine, finance, and engineering.

- **AI in Business:** AI has extensive applications in various business domains, including sales and marketing, customer service, supply chain management, fraud detection, and predictive analytics. AI-powered tools and platforms

help businesses leverage data, optimize processes, automate tasks, and gain insights for strategic decision-making.

- **AI in Healthcare:** AI has the potential to revolutionize healthcare by assisting in diagnosis, treatment planning, drug discovery, patient monitoring, and personalized medicine. AI algorithms can analyze medical images, interpret patient data, and provide predictive models for disease outcomes.

- **AI in Finance:** AI is used in the finance sector for tasks such as algorithmic trading, fraud detection, risk assessment, credit scoring, and financial planning. AI-based systems analyze vast amounts of financial data, identify patterns, and make informed decisions in real-time.

- **AI Ethics and Governance:** As AI becomes more pervasive, there is a growing focus on ethical considerations, responsible AI development, and ensuring fairness, transparency, and accountability. The scope of AI also includes areas such as bias mitigation, privacy protection, and the development of ethical frameworks and guidelines. The scope of AI is not limited to these areas and continues to expand as researchers and practitioners explore new applications and technologies. AI has the potential to transform industries, drive innovation, and address complex societal challenges, making it an exciting and dynamic field with immense potential for future development. The scope of Micro, Small, and Medium Enterprises (MSMEs) is significant, as these businesses play a crucial role in economic development, job creation, innovation, and social empowerment. The scope of MSMEs encompasses various dimensions:

- **Economic Contribution:** MSMEs contribute significantly to the economy of a country. They generate employment opportunities, promote entrepreneurship, and foster economic growth. MSMEs often operate in diverse sectors, including manufacturing, services, agriculture, and technology, contributing to the overall economic development of a region.

- **Innovation and Adaptability:** MSMEs are known for their ability to innovate, adapt quickly to market changes, and introduce new products or services. Their smaller size and flexibility enable them to respond to emerging trends, customer demands, and technological advancements. MSMEs often serve as hubs of innovation and experimentation, driving competitiveness and market differentiation.

- **Local and Regional Development:** MSMEs play a vital role in the development of local communities and regions. They contribute to the social and economic fabric by creating job opportunities, fostering entrepreneurship, and supporting local supply chains. MSMEs often have a close connection with their communities, contributing to their social and cultural development.

- **Employment Generation:** MSMEs are significant job creators, particularly in developing economies. They provide employment opportunities to a large segment of the population, including skilled, semi-skilled, and unskilled workers. MSMEs contribute to reducing unemployment rates, promoting inclusive growth, and uplifting the living standards of individuals and families.

- **Sectoral Diversity:** MSMEs operate in various sectors and industries, ranging from manufacturing and construction to retail, hospitality, and technology services. This sectoral diversity ensures a broad representation of business activities, fostering competition, and driving innovation across different domains.

- **Niche Markets and Specialization:** MSMEs often cater to niche markets and specific customer segments. They can focus on specialized products, services, or target specific demographics or geographic areas. This specialization allows them to differentiate themselves and compete effectively in their respective markets.

- **Access to Finance and Technology:** The scope of MSMEs includes challenges related to access to finance and technology. Many MSMEs face constraints in obtaining capital, accessing loans, or adopting advanced technologies due to limited resources or lack of creditworthiness. Addressing these challenges and improving access to finance and technology is crucial for the growth and sustainability of MSMEs. Policy Support and Development Programs: Governments and policymakers recognize the significance of MSMEs and often implement supportive policies, incentives, and development programs. These initiatives aim to promote the growth and competitiveness of MSMEs, provide access to financial resources, facilitate technology adoption, and enhance their overall business environment.

In conclusion, the scope of MSMEs is diverse and encompasses their economic contribution, innovation, local development, employment generation, sectoral diversity, and challenges related to finance and technology. Recognizing the importance of MSMEs and implementing targeted support measures can unleash their full potential, fostering economic growth, job creation, and sustainable development.

7.2 RESEARCH METHODOLOGY

Primary data is taken into consideration for purpose of the study, data of 50 respondent from various field and other related secondary data is collected from the publication of Ministry of Micro, Small and Medium Enterprises, journals, Government of India available by Reserve Bank of India and Handbook of Statistics on Indian Economy.

7.2.1 RESEARCH GAP

- **RQ1:** What is the gap of the adoption of ML in small- and medium-sized enterprises (MSME)

- **RQ2:** What are challenges in the process of implementation of ML specific to MSME and whatare the success factors and challenges?

7.2.2 OBJECTIVES

- To study the familiarity of the AI and Machine Learning in MSMEs
- To study the relationship of external various factors relating to MSMEs and AI.
- To study the adoption of AI in MSMEs work culture

7.3 FAMILIARITY OF AI AND MACHINE LEARNING IN MSMEs

One of the objectives of this research paper is to study the level of familiarity that micro, small, and medium enterprises (MSMEs) have with artificial intelligence (AI) and machine learning (ML) technologies. This objective aims to assess the overall awareness and understanding of AI and ML concepts among MSME owners and decision-makers. The research will investigate the extent to which MSMEs are familiar with AI and ML, their knowledge of the potential benefits and applications, and their perception of the relevance and importance of these technologies in their business operations.

7.4 RELATIONSHIP OF EXTERNAL FACTORS WITH AI ADOPTION IN MSMEs

Another objective is to examine the relationship between various external factors relevant to MSMEs and the adoption of AI. This objective aims to identify and analyze the external factors that can influence the decision of MSMEs to adopt AI and ML technologies. These factors may include the regulatory environment, government policies, industry trends, market competition, access to funding and resources, and technological infrastructure. The research will investigate the nature and strength of these relationships, providing insights into the external factors that can either facilitate or hinder the adoption of AI in MSMEs.

7.5 ADOPTION OF AI IN MSMES WORK CULTURE

The third objective of this research paper is to study the adoption of AI in the work culture of MSMEs. This objective aims to explore how MSMEs integrate AI and ML technologies into their organizational processes, practices, and decision-making. The research will investigate the extent to which AI is incorporated into the daily operations of MSMEs, the challenges and barriers faced during implementation, the strategies employed to ensure successful adoption, and the impact of AI on the overall work culture and employee attitudes. Additionally, this objective will analyze the organizational changes required to embrace AI and the role of leadership in promoting a supportive AI culture within MSMEs.

These three objectives collectively contribute to understanding the familiarity, relationship with external factors, and adoption of AI in MSMEs, providing valuable insights for MSMEs considering the integration of AI and ML technologies into their operations. By addressing these objectives, this research paper aims to shed light on the challenges, opportunities, and best practices for successful AI adoption in the MSME sector.

Merits and Demerits of AI and Machine Learning in MSMEs

7.5.1 INTRODUCTION

As micro, small, and medium enterprises (MSMEs) continue to face increasing competition and technological advancements, the integration of artificial intelligence (AI) and machine learning (ML) has emerged as a potential solution for driving innovation, efficiency, and growth. However, like any technology, AI and ML come with both merits and demerits. This section explores the merits and demerits of AI and ML in MSMEs, providing insights into the potential benefits and challenges associated with their adoption.

7.5.2 MERITS OF AI AND MACHINE LEARNING IN MSMEs

- **ENHANCED DECISION-MAKING:** AI and ML algorithms can analyze large volumes of data and generate valuable insights for informed decision-making. MSMEs can leverage this capability to optimize their operations, identify trends, predict customer behavior, and make data-driven strategic choices.

- **IMPROVED EFFICIENCY AND PRODUCTIVITY:** By automating repetitive and time-consuming tasks, AI and ML technologies can significantly improve operational efficiency and productivity. MSMEs can streamline processes, reduce manual errors, and allocate resources more effectively, leading to cost savings and increased output.

- **ENHANCED CUSTOMER EXPERIENCE**: AI-powered chatbots and virtual assistants enable MSMEs to provide personalized and timely customer support. ML algorithms can analyze customer data to understand preferences, anticipate needs, and offer tailored recommendations, thereby enhancing the overall customer experience.

- **ADVANCED DATA ANALYSIS**: AI and ML algorithms excel in analyzing complex datasets, uncovering patterns, and extracting valuable insights. MSMEs can leverage these capabilities to gain a deeper understanding of market trends, customer behavior, and competitor strategies, enabling them to make proactive business decisions.

- **PREDICTIVE ANALYTICS:** ML models can predict future outcomes based on historical data. MSMEs can leverage predictive analytics to forecast demand, optimize inventory management, and develop effective marketing strategies, thereby reducing costs and maximizing profitability.

- **COMPETITIVE ADVANTAGE:** The adoption of AI and ML technologies can provide MSMEs with a competitive edge by enabling them to deliver

innovative products and services, optimize pricing strategies, and stay ahead of market trends. By leveraging AI, MSMEs can position themselves as leaders in their respective industries.

7.5.3 DEMERITS OF AI AND MACHINE LEARNING IN MSMEs

Cost and Resource Constraints: Implementing AI and ML technologies can be costly, especially for resource-constrained MSMEs. Investments are required for infrastructure, software, training, and hiring skilled professionals. The initial expenses and ongoing maintenance costs can pose significant financial challenges for MSMEs.

- **DATA PRIVACY AND SECURITY RISKS:** The utilization of AI and ML involves handling large amounts of sensitive data. MSMEs need to ensure the privacy and security of customer and proprietary information. The risk of data breaches, cyberattacks, and unauthorized access requires robust security measures and compliance with data protection regulations.

- **LACK OF TECHNICAL EXPERTISE:** AI and ML technologies require specialized knowledge and expertise to develop, implement, and maintain. MSMEs may face challenges in recruiting and retaining professionals with the necessary skills, which can hinder the successful adoption and utilization of AI and ML.

- **ETHICAL CONSIDERATIONS**: AI and ML algorithms rely on data inputs, which may inadvertently contain biases or discriminatory patterns. MSMEs need to be cautious in ensuring fairness, transparency, and ethical use of AI technologies to avoid potential harm, discrimination, or negative societal impact.

- **RESISTANCE TO CHANGE AND WORKFORCE DISPLACEMENT**: The integration of AI and ML may face resistance from employees who fear job displacement. MSMEs need to address this concern by upskilling and reskilling their workforce to adapt to the changing technological landscape and ensure a smooth transition.

- **OVERRELIANCE ON TECHNOLOGY:** While AI and ML offer numerous benefits, overreliance on these technologies without human oversight can lead to detrimental outcomes. MSMEs should strike a balance between human judgment and AI-driven decision-making to avoid potential errors or reliance on inaccurate predictions.
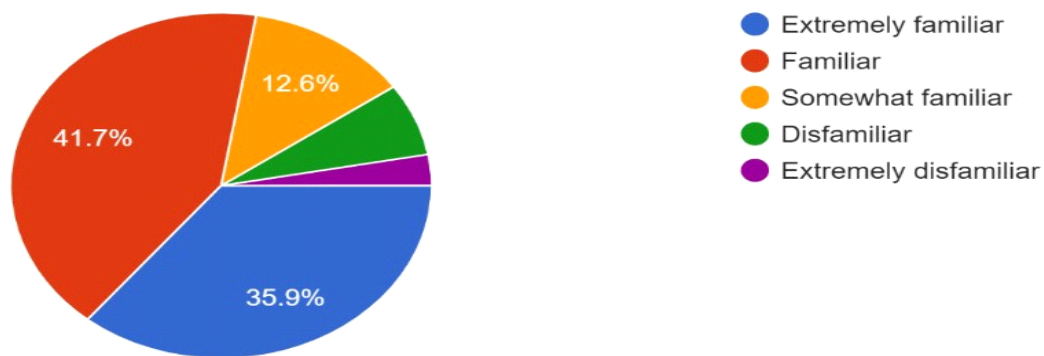

FIGURE 7.1 DATA ANALYSIS

Here with the help of figure 1 it can be clearly seen that 35.9% people are extremely familiarabout the AI and machine learning , 41.7% is extremely familiar and 12.6 % is somewhat familiar and rest of the people are totally unaware about this.

Here we have collected data with the help questionnaire and we have discovered the followingresults -How well you are familiar about the AI and Machine learning

Here with the help of figure 1 it can be clearly seen that 35.9% people are extremely familiarabout the AI and machine learning , 41.7% is extremely familiar and 12.6 % is somewhat familiar and rest of the people are totally unaware about this.

If AI or Machine learning is adopted in M.S.M.Es will it be

Convenient, safe and secure, fast and handy trustable, easy to apply and required any document procedure
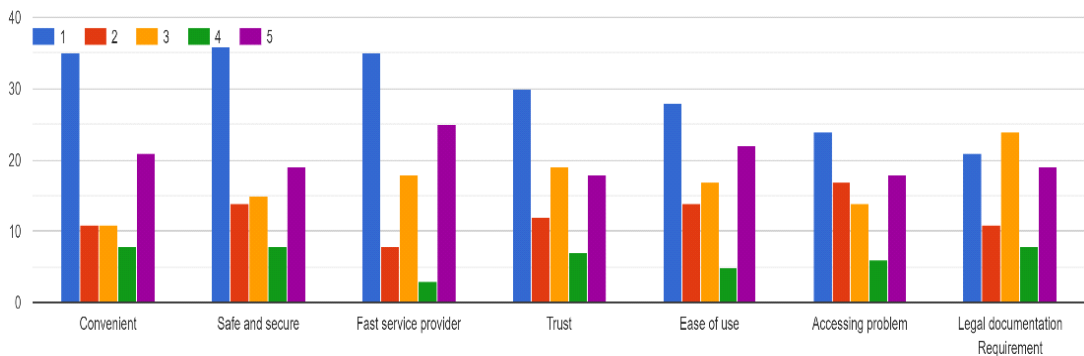

Figure 7.2

As per our second objective of the study we have to check the relationship of various factors of AI and MSMEs, so various factors like (Convenient, safe and secure, fast and handy trustable, easy to apply and required any document procedure) which affect the AIand machine learning directly or indirectly.

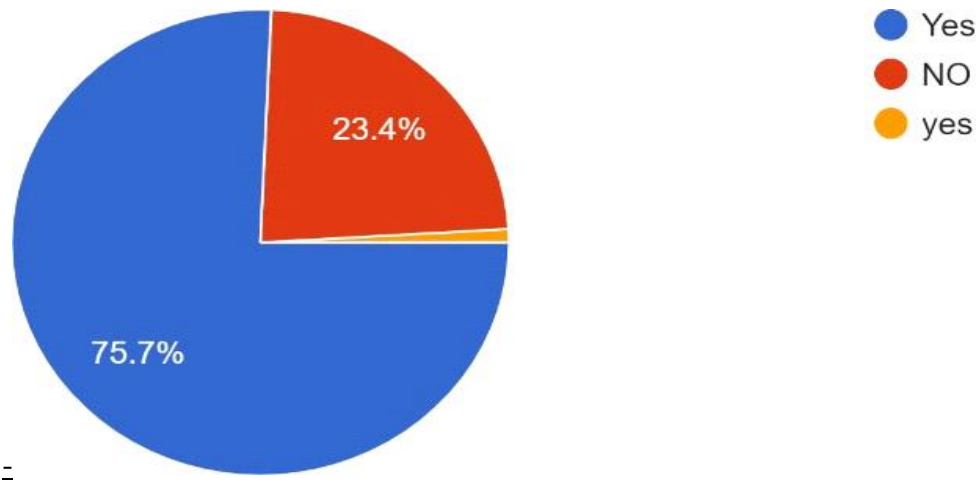Are they willing to adopt the AI and Machine learning in their MSMEs

Figure 7.3

Here, we can clearly see that 75.7% people are willing to adopt the AI and machine learning inthere MSMEs business.

Is Machine learning and AI - saves time, available 24hours, easy to adopt, financially notburdened, safe and secure, trustworthy, and convenient.
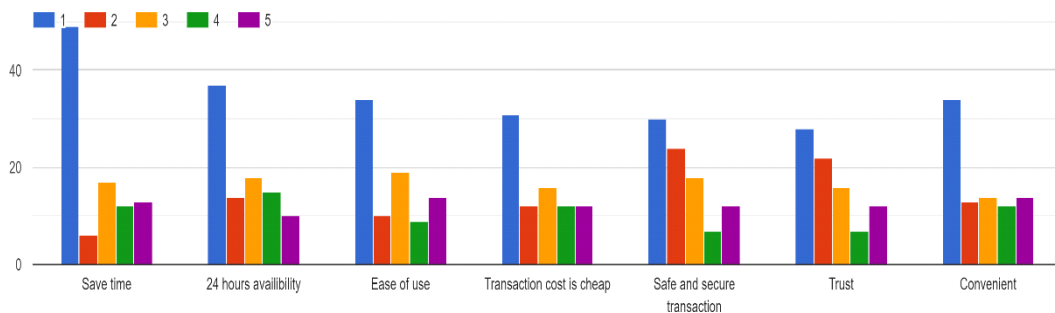

Figure 7.4

Here, we can easily highlight that machine learning and AI can easily be accumulated in MSMEsas it is related with many factors which are beneficial to the small scale business.

7.5.4 FINDINGS

Our analysis suggests that there is a wide range of factors that contribute to the theoretical foundation of ML technologies and their application in various use cases, as identified in our primary research question (RQ1). Extensive academic studies have focused on the most relevant use cases for enterprise programs, resulting in practical solutions that have been tested and validated.

- **FINDING I**: Our research indicates that there is a strong foundation of both basic ML techniques and specific ML applications for business use cases. Consequently, ML technologies are well-suited for implementation in MSMEs. Referring to RQ1, we find that the prevalence of ML technology adoption in MSMEs is significantly lower compared to larger enterprises. Moreover, MSMEs face unique challenges that differ from those encountered by larger organizations. While MSMEs often struggle with entry limitations, larger companies face difficulties in scaling their ambitions to utilize ML technology with the available resources.

- **FINDING II**: Our findings demonstrate that small and medium businesses are notably less likely to have deployed ML technologies compared to larger enterprises. The challenges they face differ from those experienced by larger organizations, indicating lower ML maturity. There is limited acceptance of ML among users, operatives, and managers in small and medium businesses, along with a lack of ML expertise.Based on our analysis of the challenges and success factors addressed in RQ2 for small and medium businesses, we summarize the following key findings:

- **FINDING III:** The maturity of ML adoption is strongly dependent on the size of the company, with larger businesses generally exhibiting higher maturity levels compared to smaller ones.

- **FINDING IV:** Primary challenges faced by small organizations include a lack of fundamental knowledge about ML capabilities for defining use cases and accessing relevant data. Success factors include flat hierarchies and determined management that support and encourage committed employees,

as well as collaboration with external partners possessing domain-specific expertise.

- **FINDING V:** Primary challenges encountered by medium businesses include a lack of ML implementation knowledge and difficulties with interdisciplinary collaboration. Success factors in this context include engaging in external research cooperation and establishing a well-defined ML strategy supported by management.

In conclusion, our research highlights the potential of ML technologies in MSMEs, with a strong theoretical foundation and practical applications. However, the prevalence of ML technology adoption in MSMEs is lower compared to larger enterprises. Small and medium businesses face distinct challenges related to acceptance, expertise, and resources. By addressing these challenges and leveraging the identified success factors, MSMEs can enhance their ML maturity and successfully integrate ML technologies into their operations.

7.6 CONCLUSION AND OUTLOOK

In this work, we raised two questions:

- What is the gap of MSME in ML adoption compared to the state of the art and
- What challenges and success factors are typical for MSME in the ML adoption process?

Our findings indicate that while research provides a strong theoretical foundation for ML technologies, their practical adoption within the SME sector still lags behind larger organizations. We observed that larger businesses tend to be more mature in their adoption of ML, whereas SMEs face specific challenges that hinder their progress in ML knowledge development.

The main challenges identified in the adoption of ML by SMEs include a lack of ML expertise for identifying use cases and implementing ML solutions, poor data quality in small businesses, and difficulties in interdisciplinary collaboration within medium-sized organizations.We also found that external collaborations were identified as key success factors in overcoming these challenges, in addition to the initiative taken by individual employees.To facilitate ML adoption in MSMEs, we

propose three concrete measures based on the survey results of the interviewed companies. It is important to note that the landscape may change in the coming years. However, while larger companies continue to make systematic progress in ML applications, MSMEs run the risk of falling behind. Research can contribute by providing appropriate frameworks that reduce the need for technical expertise and are tailored to the specific requirements of MSMEs, thereby facilitating their access to ML technologies.

As shown on this examine, the superiority of such frameworks is too low, but. Also, we are aware that the survey become conducted over a surprisingly small set of corporations. Consequently, we can handily deduct qualitative statements. However, the findings are consistent with surveys that contain a higher number of respondents and logically sound. a larger survey may want to show the statistical significance of the statements

The merits of AI and ML in MSMEs are significant and can contribute to improved decision-making, enhanced efficiency, and enhanced customer experiences. These technologies offer advanced data analysis capabilities, predictive analytics, and a competitive advantage. However, the demerits cannot be ignored. Cost and resource constraints, data privacy and security risks, lack of technical expertise, ethical considerations, resistance to change, and potential workforce displacement pose challenges to MSMEs. To successfully adopt and leverage AI and ML, MSMEs must carefully evaluate their readiness, invest in appropriate resources, address ethical concerns, and ensure a holistic approach that combines human judgment with technological advancements. By understanding and navigating these merits and demerits, MSMEs can harness the full potential of AI and ML to drive growth, innovation, and sustainability in their operations.

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