



Original Article

IMPACT OF ARTIFICIAL INTELLIGENCE ON SMALL BUSINESSES

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Abstract:

Artificial Intelligence is making impressions on company operations. In early days only big companies using AI but now small business also fill the importance of AI in their business development. Similar to other types of businesses small businesses also need to take proper decisions to increase customer numbers, there satisfaction, decreasing cost of operations and increase efficiency.

By examining its uses, benefits, drawbacks, difficulties, and overall impact on business operations, this article investigates how artificial intelligence affects small firms. The secondary data included in the study came from reputable online sources, books, journals, and reports. According to the report, AI benefits small firms, but sustainable growth requires careful planning, ethical use, and training.

Keywords: *Artificial Intelligence, Small Businesses, Automation, Digital Transformation, Business Efficiency.*

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Introduction:

Because they create jobs, foster innovation, and aid in local development, small businesses are the foundation of any economy. However, small businesses frequently deal with issues like tight budgets, a shortage of qualified employees, fierce

rivalry, and quickly shifting market conditions. Many of these issues can be solved by artificial intelligence. Small firms are increasingly utilizing AI technology like chatbots, machine learning, predictive analytics, and automation tools to boost productivity and competitiveness. The purpose of



this research paper is to thoroughly examine how artificial intelligence affects small enterprises.

The usage of digital technology in company operations has grown significantly in recent years. Consumers today demand quicker service, customized goods, and seamless internet interactions. Due to their limited staff and resources, small enterprises frequently struggle to achieve these expectations. By utilizing intelligent software and systems that can operate precisely and automatically, artificial intelligence assists small enterprises in resolving these issues. AI enables small business owners to manage everyday operations, comprehend client needs, and make more informed business decisions. Small firms may increase overall performance, cut expenses, and save time by utilizing AI. In order to comprehend artificial intelligence's position in contemporary corporate growth, it is crucial to investigate how it affects small enterprises.

Objectives of the Study:

1. To examine the impact of AI on different business functions

Research Methodology:

Based solely on secondary sources, the study is analytical and descriptive in character. Information has been gathered from books, journals, government documents, international organization papers, business periodicals, and reliable websites. Qualitative analysis and logical interpretation have been used to analyze the gathered data. The study's focus is on how artificial intelligence affects small enterprises.

Concept of Artificial Intelligence:

The ability of robots and computer systems to carry out tasks like learning, reasoning, problem-solving, and decision-making that call for human

intelligence is known as artificial intelligence. Natural language processing, robotics, data analytics, and machine learning are examples of AI technology. AI is mostly utilized in business for decision support systems, automation, data analysis, and client interaction.

Impact of Artificial Intelligence on Small Businesses:

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1. Impact on Marketing and Sales:

Artificial Intelligence helps small businesses understand customer needs and preferences. It analyzes customer data and buying behavior. AI supports targeted advertising and promotional activities. This increases sales and improves customer engagement. Small businesses can reach the right customers easily. Thus, AI strengthens marketing and sales performance.

2. Impact on Customer Relationship Management:

AI improves communication between businesses and customers. Chatbots provide instant responses to customer queries. Personalized messages increase customer satisfaction and loyalty. AI helps maintain long-term customer relationships. Small businesses can handle more customers efficiently. Therefore, AI enhances customer relationship management.

3. Impact on Operations and Production:

AI automates daily business operations. It reduces manual work and operational errors. Production processes become faster and more accurate. Small businesses can manage resources efficiently. Time and cost savings increase productivity. Hence, AI improves operational performance.



4. Impact on Finance and Accounting:

AI helps small businesses manage finances effectively. It assists in budgeting, expense tracking, and financial planning. AI detects fraud and reduces financial risks. Accurate financial data supports better decisions. Small businesses gain better control over cash flow. Thus, AI strengthens financial management.

5. Impact on Supply Chain and Logistics:

AI improves demand forecasting and inventory planning. It helps avoid stock shortages and overstocking. Delivery schedules become more efficient. Transportation costs are reduced. Small businesses can serve customers on time. Therefore, AI improves supply chain efficiency.

6. Impact on Human Resource Management:

AI helps in recruitment and employee selection. It supports performance evaluation and workforce planning. Routine HR tasks are automated. Employees can focus on skill development. Productivity and job satisfaction increase. Hence, AI improves human resource management.

Findings of the Study:

1. AI significantly improves efficiency in small businesses.
2. AI reduces operational and marketing costs.
3. Customer satisfaction increases with AI-based services.
4. AI helps small businesses compete globally.
5. High cost and lack of skills limit AI adoption.
6. Data privacy is a major concern.
7. AI improves decision-making accuracy.
8. Automation saves time for business owners.
9. Small businesses adopting AI show better growth potential.
10. Proper training is essential for successful AI use.

Suggestions:

1. Government should provide subsidies for AI adoption.
2. Training programs for AI skills should be promoted.
3. Small businesses should adopt AI gradually.
4. Affordable AI tools should be encouraged.
5. Strong data protection measures should be implemented.
6. Awareness programs on AI benefits should be conducted.
7. Collaboration with technology providers should be encouraged.
8. Ethical use of AI should be ensured.

Conclusion:

Small businesses benefit greatly from artificial intelligence. It boosts productivity, lowers expenses, improves customer satisfaction, and fosters expansion. AI promises substantial long-term advantages despite obstacles such as high costs, technical complexity, and data security concerns. With proper planning, training, and support, small businesses can successfully adopt AI and achieve sustainable development.

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