APAC Special Report – AI Trends in SMBs

Key Insights

- Small and Medium-sized Businesses (SMBs) are a key growth engine in today's labour market. Across Singapore, India, and Australia, SMBs outpace larger firms in both the number of companies growing as well as average headcount expansion.
- While the digital skills gap between SMBs and large enterprises has narrowed significantly, suggesting that foundational digital capabilities are now widespread, a gap is emerging in the next frontier of transformation: AI literacy.
- Barely 1-2% of SMBs have employees with AI literacy skills, just one-fifth to one-sixth compared to larger companies. And based on current growth trajectories, this gap will continue to widen over time.

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1. Introduction

This report examines the evolving role of small and medium-sized businesses (SMBs) in the labour markets of Singapore, India, and Australia, with a focus on two key questions:

(1) How are SMBs growing compared to larger firms?
(2) And are they keeping pace in building digital and AI (Artificial Intelligence) capabilities?

Our analysis reveals a two-part trend. On one hand, SMBs are outpacing larger firms in job creation, signalling their rising importance to sectoral dynamism across the region. On the other hand, while many SMBs have closed the gap in core digital skills, a new challenge is emerging: a widening divide in AI adoption and literacy, particularly as these tools and skills become more prevalent in larger organisations.

2. SMBs are growing fast

Small and Medium-sized Businesses (SMBs) are emerging as a key growth engine in today's labour market. Across Singapore, India, and Australia, SMBs outpace larger firms not only in terms of the number of companies growing, but also in average headcount expansion.

> ***SMB Definition*** *- For the purposes of this report, Small and Medium-Sized Businesses (SMBs) are defined as companies with more than 10 and fewer than 200 employees. While official definitions vary slightly across countries, often incorporating revenue or investment thresholds, this employee-based threshold provides a consistent lens for cross-country comparison across Singapore, India,*

The number of SMB companies is growing fast. In all three countries, SMBs reported the fastest growth in company numbers over the past 12 months. In contrast, medium, large, and very large enterprises showed either slower growth or outright declines - especially in Australia, where larger firms are shrinking in number.

	Growth in Number of Companies		
Company Size (number of employees)	Australia	India	Singapore
SMB (11- 200)	2.92%	6.54%	4.97%
Mid-Market Enterprise (201-1000)	-2.64%	2.38%	1.32%
Enterprise (1001-5000)	-3.64%	2.70%	0.46%
Large Enterprise (more than 5000)	-2.98%	2.86%	0.81%

Table 1. Growth in Number of Companies by Company Size and Country, 2023 to 2024
Source: LinkedIn Economic Graph

Headcount trends show a similar pattern. In Australia and Singapore, SMBs expanded their workforces faster than larger counterparts. India paints a more mixed picture, with strong headcount growth across all company sizes - but even here, SMBs lead in company count growth, indicating strong dynamism in firm formation and small business expansion.

	Growth in Average Headcount		
Company Size (number of employees)	Australia	India	Singapore
SMB (11- 200)	3.70%	8.80%	3.56%
Mid-Market Enterprise (201-1000)	2.15%	7.18%	2.67%
Enterprise (1001-5000)	1.76%	9.60%	2.21%
Large Enterprise (more than 5000)	0.44%	8.50%	2.00%

Table 2. Growth in Headcount by Company Size and Country, 2023 to 2024
Source: LinkedIn Economic Graph

The data points to a clear shift: SMBs are playing a growing role in economic and employment activity. Their faster growth, both in absolute terms and relative to larger peers, suggests they are poised to have an outsized impact on how work evolves in the years to come. In particular, SMBs may play a unique role in defining the pace of adoption and diffusion of new technologies, including AI (Artificial Intelligence).

3. From digital skills to AI literacy: one gap closes, another opens

As digital transformation accelerates with the growing importance of AI, the ability to adopt new skills at scale has become a key indicator of organisational readiness. By analysing the average number of digital, AI, and AI literacy skills added by employees across the economy, we uncover a shifting dynamic. While the digital skills gap between SMBs and large enterprises has narrowed significantly, potentially suggesting that foundational digital capabilities are now widespread, a new gap is emerging in the next frontier of transformation: AI literacy.

Skills Definitions –

- ***Digital Skills:*** *Abilities required to use digital tools and platforms in the workplace. Examples include email management, social media management, and tools like Microsoft Word.*
- ***AI Engineering Skills:*** *Technical competencies involved in building and deploying AI systems. These include machine learning, predictive modeling, and neural networks.*
- ***AI Literacy Skills:*** *Skills related to effectively using AI tools and interfaces. Examples include prompt engineering and using generative AI platforms like ChatGPT or Copilot.*

When it comes to digital skills, the divide between SMBs and large firms is now relatively narrow. In 2024, about 50-58% of SMB companies had employees possessing digital skills, compared to 61-71% in large enterprises. This is a clear sign that basic digital capabilities have become mainstream, regardless of company size.

	Share of Companies		
Company Size (number of employees)	Australia	India	Singapore
SMB (11- 200)	49.7%	57.5%	48.7%
Mid-Market Enterprise (201-1000)	52.8%	62.2%	49.8%
Enterprise (1001-5000)	56.3%	68.5%	56.1%
Large Enterprise (more than 5000)	61.1%	71.6%	61.4%

Table 3. Share of Companies with Employees with Digital Skills
Source: LinkedIn Economic Graph

This trend is not surprising: over the past decades, workforce transformation efforts have rightly focused on digital literacy. Digital literacy includes skills like email, spreadsheets, cloud systems, and collaboration platforms. That foundational skillset has now become widespread across talent in Australia, India, and Singapore, with adoption relatively converging across company sizes.

But the picture shifts dramatically when it comes to AI. Less than 10% of SMBs have employees with AI engineering skills in 2024 - this is barely a third of that in larger companies.

	Share of Companies		
Company Size (number of employees)	Australia	India	Singapore
SMB (11- 200)	4.4%	9.6%	7.7%
Mid-Market Enterprise (201-1000)	7.9%	14.6%	8.9%
Enterprise (1001-5000)	10.6%	22.4%	12.0%
Large Enterprise (more than 5000)	15.2%	28.2%	20.0%

Table 4. Share of Companies with Employees with AI Engineering Skills
Source: LinkedIn Economic Graph

The gap is even wider for AI literacy skills. Here, barely 1-2% of SMBs have employees with AI literacy skills, just one-fifth to one-sixth compared to larger companies.

	Share of Companies		
Company Size (number of employees)	Australia	India	Singapore
SMB (11- 200)	0.6%	2.4%	1.2%
Mid-Market Enterprise (201-1000)	1.6%	5.0%	1.8%
Enterprise (1001-5000)	2.4%	8.7%	2.6%
Large Enterprise (more than 5000)	4.0%	12.5%	5.9%

Table 5. Share of Companies with Employees with AI Literacy Skills
Source: LinkedIn Economic Graph

And based on current growth trajectories, the AI literacy gap between SMBs and larger companies will continue to widen over time. Between 2023 and 2024, AI literacy skill adoption in SMBs grew by 0.4 to 1.7 percentage points, lagging behind the 2.6 to 6.5 percentage point surge seen in larger companies over the same period. If these trajectories continue, the AI literacy gap between SMBs and larger companies will continue to widen.

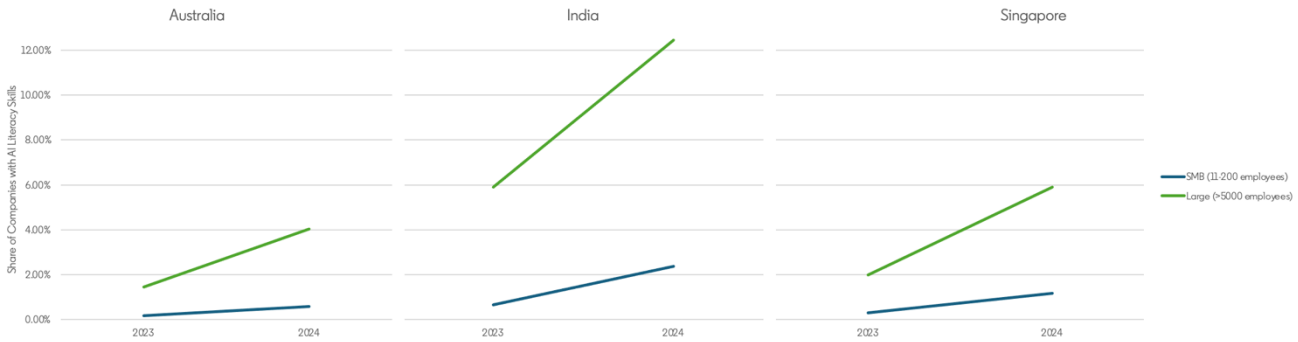


Chart 1. Projected Growth of Share of Companies with Employees with AI Literacy Skills
Source: LinkedIn Economic Graph

4. Conclusion

SMBs are gaining momentum, both as engines of employment and as emerging participants in the next wave of technological transformation. Across Australia, India, and Singapore, SMBs are growing faster than their larger counterparts in terms of company formation and headcount expansion.

Digital capabilities of SMBs have largely caught up. The digital divide, once a major concern, is now narrowing. This convergence reflects years of digital transformation efforts and the growing accessibility of cloud-based tools and platforms.

But a new gap is emerging: AI readiness. SMBs remain significantly behind larger firms in both AI engineering and AI literacy skills. While large companies are integrating AI at scale, smaller firms are only just beginning to develop the capabilities required to understand, prompt, and apply AI tools effectively.

SMBs are at risk of falling behind in AI adoption. SMBs are lagging behind larger firms in AI adoption. If left unaddressed, the growing gap will widen existing inequalities in access to technology and opportunity. The long-term repercussions are clear: slower productivity gains, reduced competitiveness, and a two-speed economy where only large firms benefit from AI. To ensure inclusive transformation, stakeholders across the ecosystem, from governments to tech providers, must recognise the pivotal role of SMBs, and work to equip them with the tools, skills, and confidence needed to thrive in an AI-driven economy.

Methodology

Data and Privacy - This body of work represents the world seen through LinkedIn data, drawn from the anonymised and aggregated profile information of LinkedIn's 1+ billion members around the world. As such, it is influenced by how members choose to use the platform, which can vary based on professional, social, and regional culture, as well as overall site availability and accessibility. In publishing these insights from LinkedIn's Economic Graph, we want to provide accurate statistics while ensuring our members' privacy. As a result, all data show aggregated information for the corresponding period following strict data quality thresholds that prevent disclosing any information about specific individuals.

Company Size Classification - A company's size is determined by the 12-month average number of LinkedIn members who listed an active position in the listed company for the 12-month period of January to December 2024. We split company sizes into 3 main categories: Small-Medium Business (11-200 global employees), Mid-Market Enterprises (201-1,000 global employees), Enterprise (1,001-5000 global employees), and Large Enterprise (more than 5000 global employees).

Growth in number of businesses and headcount - We count the number of businesses and LinkedIn members across segments, and compute the year-over-year growth in these metrics over the past 12 months.

Skills - LinkedIn members self-report their skills on their LinkedIn profiles. Currently, more than 41,000 distinct, standardised skills are identified by LinkedIn. These have been coded and classified by taxonomists at LinkedIn into 250 skill groupings, which are the skill groups represented in the dataset. Skill groupings are derived by expert taxonomists through a similarity-index methodology that measures skill composition at the industry level. This report focuses on digital and AI-related skills,

Skill penetration and growth - For a given skill group (AI Engineering, AI Literacy, Digital), we compute the share of companies in a given segment having at least one worker reporting that skill explicitly. We then proceed to compute annual growth rates. We use these growth rates to produce linear growth projections.