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Project Insights Report

Bridging the AI Tool Gap in Small and Medium-Sized Organizations in Canada

PARTNERS
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Executive Summary

Canada's AI challenge is to build capacity, as it is lagging in adoption and literacy. While adoption is rising, smaller organizations still lag behind global peers and need help identifying value, integrating tools into work and applying safeguards. Technical training alone is not enough, as people need different capabilities depending on whether they use AI, introduce it into a workflow or build and maintain a system, and these skills go beyond science, technology, engineering and mathematics (STEM) skills.

This report introduces the Diversity Institute's (DI) three-level AI Competency Framework:

- **Basic AI Literacy** helps people understand AI, use common tools safely and assess their outputs. When the task is to put AI to work in an organization;
- **AI Innovation Skills** are about using AI in everyday life and enable people to identify valuable use cases, assess tools, redesign work, support implementation and measure results. Where AI systems must be designed, adapted or maintained; and
- **Deep AI Skills** provide scientific and technical capability.

These are not steps that everyone must complete, and what is best suited for each person and organization depends on the tasks, responsibilities and consequences of error. The framework therefore helps educators, employers and policymakers align learning, organizational support and safeguards with responsible, inclusive AI adoption.

KEY INSIGHTS

1. Most SMEs adopt existing tools through vendors, rather than building entirely new AI systems. Consequently, not everyone needs to use or build AI. But everyone needs to be able to recognize and take safeguards around AI in an ever-changing world, making AI Innovation Skills the most important category for SMEs.

2. Access to AI does not by itself create the capacity to benefit from it; the tool is not enough. Success and benefits also depend on data, skills, infrastructure, management capability and trust.

3. Learning supports adoption when people can apply it to real tasks with time, approved tools, clear guidance, practice and organizational support.

The Issue

Canada's AI for All strategy puts adoption, productivity, skills and shared prosperity at the centre of the national AI agenda. It sets a target of 60% business AI adoption by 2034. While in the second quarter of 2026, 19.2% of businesses reported using AI to produce goods or deliver services, a significant improvement from the 6.1% two years earlier, it is still far from 60%. However, Canada has had strong AI research capacity, but AI adoption has remained a challenge and is uneven across the economy. We also lag behind other countries in AI adoption. Part of this is structural, as SMEs make up 99.7% of employer businesses and employ nearly two-thirds of private-sector workers. SMEs have more limited resources and need support.

In small firms, one person (or a few) may be responsible for identifying the use case, selecting the tool (often through vendors), checking outputs, setting basic rules and assessing results. For example, an owner may use AI to prepare quotes, schedule work or complete safety documentation, then decide what customer or employee information can be entered, require a human check before anything is sent or acted on, give staff time and approved tools to practice, and check whether the change has improved speed, quality or service. When a task involves sensitive information or more consequential decisions, the firm may also need outside technical, legal, cybersecurity or governance advice.

Responsible AI and inclusion shape the framework and adoption of AI in very important ways. Workplace exposure, learning opportunities and support remain uneven across gender, race, age, disability, geography and Indigeneity. Therefore, if not managed well, AI can create inequity. The report provides a practical, employment-focused framework for Canadian SMEs, their workforce and the organizations that support them.



What We Investigated

The Diversity Institute developed the AI Competency Framework as a practical tool for Canadian SMEs from all actors of the Canadian AI ecosystem, as well as for individual learning. The framework was developed through exploring the capabilities people need when they encounter or use AI tools, apply AI to organizational needs, or develop technical systems. We also considered how responsible AI practices, including privacy, security, bias, human oversight and accountability, should be embedded across the framework. The framework builds on DI's previous competency framework. It is also aligned with ESDC's Skills for Success and draws on the DI's applied research on AI adoption and skills. The development phase also included a market scan of 112 publicly available AI courses, certificates, specializations and learning pathways, along with consultations with market experts and AI community partners. The scan considered target audiences, content, practical application, accessibility and ethical considerations. These sources helped identify gaps and promising practices while keeping the framework focused on real workplace requirements, SME needs and the barriers facing Indigenous People and equity-deserving groups.

What We're Learning

The report shows that successful adoption goes beyond selecting the technology and depends on what happens after a tool has been selected. Not everyone needs to build or use AI tools, but they need to recognize when AI's used and where outputs are trustworthy as AI is becoming more pervasive. This translates into the need for knowledge, skills and organizational support to integrate AI into work, assess its outputs, manage its risks and determine whether it improves results. This is how organizations will get the full benefits of AI.

To that end, training and upskilling are central to adoption, especially for SMEs, as one owner or a small number of staff are usually responsible for identifying a use case, choosing a tool, redesigning a workflow (including jobs and tasks), supporting employees, measuring the outcomes, and adjusting.

The AI Competency Framework supports this by distinguishing the capabilities required for safe use, organizational application and technical development, allowing employers, educators and support organizations to design learning around the tasks and responsibilities people actually hold.

When learning is tied to real work and supported by time, approved tools, clear guidance, practice and access to expertise, it can build the organizational capacity needed for responsible, inclusive and truly productive AI adoption.

Why It Matters

The framework provides a common structure for employers, educators, workforce organizations and policymakers who are designing AI learning and adoption supports:

- Employers and individuals can use it to identify the capabilities required for particular tasks and use cases.
- Training providers can build learning outcomes around Basic AI Literacy, AI Innovation Skills or Deep AI Skills, then give participants opportunities to practise and demonstrate those capabilities.



State of Skills: Unleashing AI into the Skills Development Ecosystem

This creates a clearer connection between learning, work and organizational adoption. The implications are especially important for SMEs. Small firms often have limited time, formal training capacity and access to specialized expertise. The owner or a few staff may carry responsibility for choosing a tool, checking outputs, redesigning work, guiding colleagues and assessing results.

Supports for SMEs need to be practical and adapted and can combine short, relevant learning with advisory support, templates, governance tools, approved tools and access to technical, legal, cybersecurity or privacy expertise through trusted intermediaries. For example, a chamber of commerce, industry association or sector council can help a firm assess its readiness, identify relevant training and tools, connect with specialist advice and share infrastructure. Within the firm, protected learning time, clear policies, approved tools and opportunities to test a new approach help turn training into day-to-day capability.

FSC-supported AI tools have bolstered outcomes in skills matching, career development guidance, and recruitment. The overall effectiveness of these tools was underpinned by recognizing and mitigating the inherent bias and discrimination embedded into these technologies.

Read Thematic Report

Policy and funding also shape whether people can apply what they learn. Programs need to address data readiness, infrastructure, management capacity, governance and trust alongside skills. They need inclusive outreach, delivery and learner support. Cost, scheduling, caregiving, language, accessibility, devices, connectivity and professional networks affect participation and uptake.

Organizations also need to decide how any time saved will improve service, quality, capacity, costs or the work people do.

The framework is a vital tool to support responsible and inclusive AI adoption, foster AI literacy, and help Canadian SMEs build capacity.

What's Next

The framework is already informing the Institute's AI courses, research and programs, and has been adopted by ESDC. It can be applied to specific roles, sectors and use cases across the SME value chain. Employers, intermediaries and training providers can map the work people do, identify the associated risks and support needs, and determine which capabilities they should develop internally or access through partners.

Have questions about our work? Do you need access to a report in English or French? Please contact communications@fsc-ccf.ca.

How to Cite This Report

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The Future Skills Centre acknowledges that the Anishinaabe, Mississaugas and Haudenosaunee share a special relationship to the 'Dish With One Spoon Territory,' where our office is located, bound to share and protect the land. As a pan-Canadian initiative, FSC operates on the traditional territory of many Indigenous nations across Turtle Island, the name given to the North American continent by some Indigenous peoples. We are grateful for the opportunity to work in this territory and commit ourselves to learning about our shared history and doing our part towards reconciliation.

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