RESEARCH REPORT | Workforce Development

AI Adoption in Canadian Small and Medium Enterprises

2026 Annual Benchmark

CSBAA's inaugural benchmark survey of 512 Canadian SMEs across seven sectors examines AI tool adoption rates, implementation barriers, training investment, and early workforce outcomes. The report establishes baseline metrics for tracking Canada's AI readiness at the organizational level.

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01 Executive Summary

Artificial intelligence has moved from the periphery to the operational core of a majority of Canadian small and medium enterprises. In the space of two years, regular use of at least one AI tool has grown from a minority practice to the norm. This benchmark documents where that adoption is concentrated, what is holding the remaining third back, and — most consequentially — how the presence or absence of staff training shapes whether AI investment translates into measurable results.

The headline is not that firms are buying AI. It is that the firms seeing returns are the ones investing in the people who use it. Across every sector and size band, structured training was the single strongest predictor of self-reported productivity gains — outweighing budget, firm size, and sector.

Headline findings

67% of surveyed SMEs report using at least one AI tool regularly in operations — up from **41%** in 2024, a 26-point increase in two years.

78% administrative and communication tasks remain the highest-adoption use case, followed by documentation and reporting at **61%**.

54% cite lack of staff training as the top implementation barrier — ahead of cost (**38%**) and data-privacy concerns (**31%**).

71% of firms with structured AI training reported measurable productivity gains, versus just **34%** of firms without it.

12% have a written AI usage policy — a governance gap that widens as usage becomes routine.

What this means

The adoption story is largely settled: AI tools are now embedded in day-to-day work at two-thirds of Canadian SMEs, concentrated in low-risk, high-frequency tasks like drafting, summarizing, and reporting. The open questions have shifted from *whether* to adopt to *how* to operationalize —

turning ad-hoc individual use into reliable, governed, organization-wide capability.

Three tensions define the year ahead. First, a **capability gap**: tools are outpacing the skills to use them well, and training — not budget — is the binding constraint. Second, a **governance gap**: usage is routine but rules are rare, leaving most firms exposed on data handling and quality control. Third, a **measurement gap**: most firms cannot yet quantify what AI is doing for them, which makes further investment a matter of faith rather than evidence.

BOTTOM LINE

Canada's SME sector has cleared the adoption hurdle. The differentiator over the next 24 months will not be access to AI tools — it will be the organizational discipline to train staff, write policy, and measure outcomes. Firms that build that discipline will compound their early lead; those that do not will accumulate risk without returns.

02 Methodology & Sample

Findings are based on an online survey conducted March–April 2026 with 512 Canadian SME owners, executives, and operations managers. Organizations ranged from 5 to 499 employees across seven sectors and all ten provinces. Respondents were screened to ensure they held decision-making authority over technology purchasing or operations. The survey instrument comprised 34 questions and took a median of 14 minutes to complete.

Where 2024 comparisons are cited, they draw on CSBAA's 2024 pilot study (n = 348), reweighted to the 2026 sector and size distribution to support like-for-like comparison. Percentages are rounded to the nearest whole number; totals may not sum to 100 due to rounding and multi-select questions.

Sample by firm size

Band (employees)	n	Share
Micro (5–19)	214	42%
Small (20–99)	198	39%
Medium (100–499)	100	19%
Total	**512**	**100%**

Sample by region

Region	n	Share
Ontario	184	36%
Quebec	118	23%
British Columbia	77	15%
Alberta	61	12%
Prairies (MB, SK)	36	7%
Atlantic	36	7%

Definitions

- **Regular use** — an AI tool used at least weekly by one or more employees as part of a defined work task.
- **Structured training** — any organized, repeatable program (internal workshops, external courses, or certification) as distinct from informal, self-directed learning.
- **Measurable productivity gain** — a respondent-reported improvement the firm tracks with at least one metric (time, throughput, cost, or quality).

Margin of error for the full sample is ±4.3 percentage points at the 95% confidence level. Sector-level and region-level estimates carry wider intervals; see Appendix for base sizes.

03 Adoption Rates by Sector

Adoption is uneven across the economy. Knowledge-intensive sectors where the core work is language and documents lead decisively, while sectors dominated by physical, on-site, or highly regulated work trail. Professional services tops the field at 81%; construction sits 32 points behind at 49%.

FIGURE 1 · SHARE USING ⩾1 AI TOOL REGULARLY, BY SECTOR

Why the spread?

The gradient tracks how much of a sector's work is text-and information-based versus physical or field-based. Professional services (law, accounting, marketing, consulting) are effectively document factories — their highest-value output is exactly what today's tools do best. Retail and e-commerce benefit from mature, packaged AI features embedded in the platforms they already run.

At the other end, construction and hospitality are dominated by hands-on, in-person work where AI touches only the back office. These sectors are not laggards by choice so much as by fit: the current generation of tools has less surface area to grab onto in a job site or a dining room than in an inbox.

> **Notable:** The gap between the top and bottom sector has narrowed from 41 points in 2024 to 32 in 2026. Trailing sectors are catching up faster than leaders are pulling ahead — a sign the diffusion is broadening, not just deepening among early adopters.

04 Adoption by Firm Size

Adoption rises steadily with headcount. Medium firms (100–499 employees) lead at 84%, with small firms at 71% and micro firms at 59%. Larger SMEs have more dedicated operational roles, clearer purchasing authority, and more slack to experiment — advantages that compound into a 25-point spread across the size range.

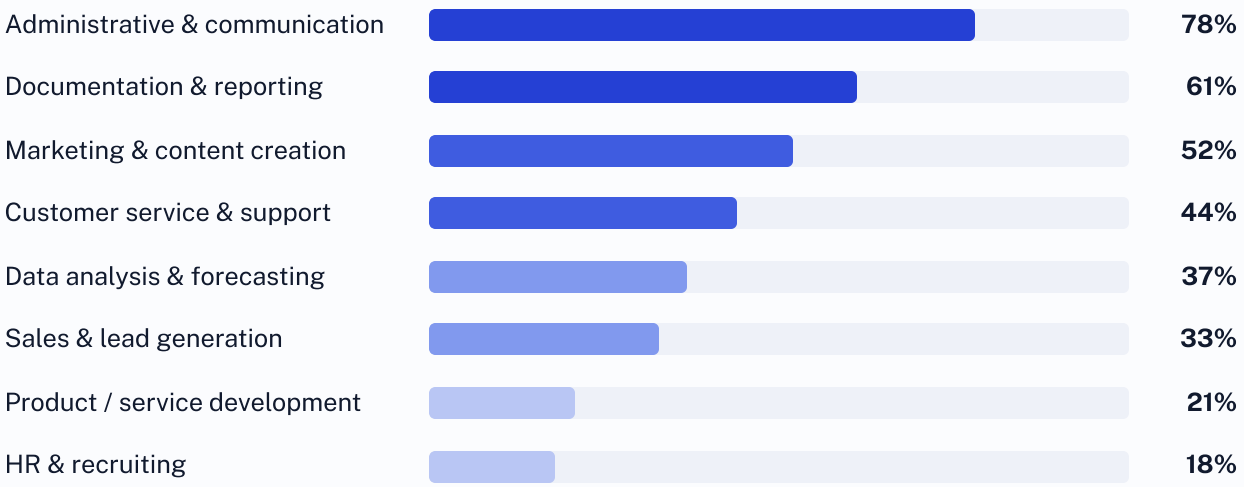
59%	71%	84%
Micro	**Small**	**Medium**
5–19 employees	20–99 employees	100–499 employees

The size gradient interacts with the training story in an important way. Micro firms are least likely to adopt *and* least likely to train — meaning the smallest businesses face a double disadvantage. Where micro firms do adopt, informal learning dominates, and their productivity gains are correspondingly harder to sustain. This is where sector associations and public programs can have the greatest marginal impact.

05 Use Cases Breakdown

Among firms that have adopted AI, usage clusters heavily around language-based, low-stakes tasks. Administrative and communication work leads at 78%, and the top three use cases all involve producing or processing text. Adoption thins out sharply for use cases that touch revenue, product, or people decisions — where the cost of error is higher and trust is lower.

FIGURE 2 · USE-CASE ADOPTION AMONG AI-USING FIRMS (MULTI-SELECT)



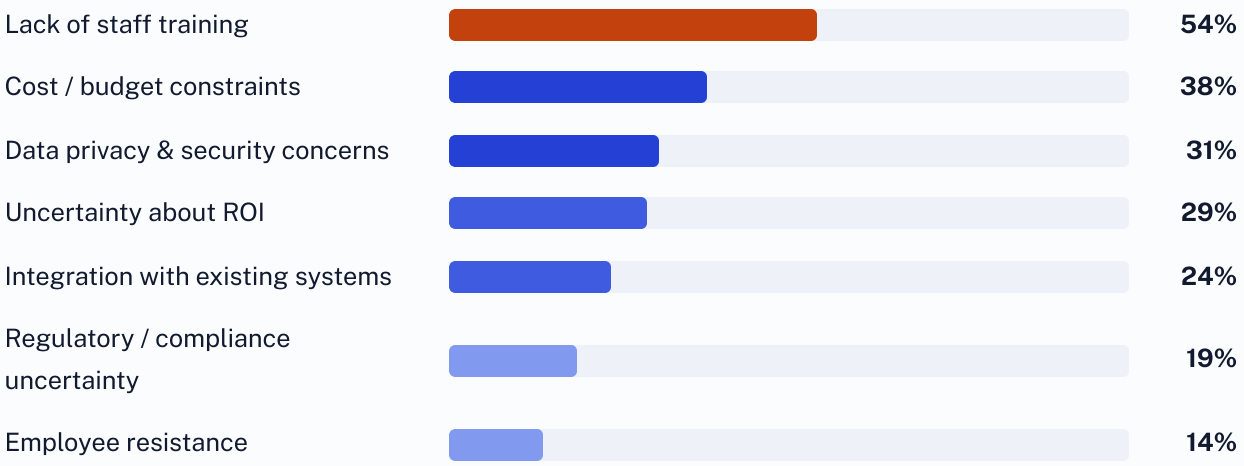
The trust gradient

Read top to bottom, the chart is a map of organizational trust. Firms delegate to AI where mistakes are cheap and easily caught — a clumsy email draft, a rough first report. They hold back where mistakes are expensive or hard to detect: a mispriced quote, a flawed hiring screen, a faulty forecast. Closing the gap on higher-value use cases will depend less on better tools than on the training, review processes, and governance that let firms trust AI output enough to act on it.

06 Implementation Barriers

Asked what most holds back their use of AI, respondents named a skills problem before a money problem. Lack of staff training leads at 54% — 16 points clear of cost. This ordering is the report's central finding: the constraint is human, not financial. Firms can buy tools far faster than they can build the capability to use them.

FIGURE 3 · TOP IMPLEMENTATION BARRIERS (MULTI-SELECT)



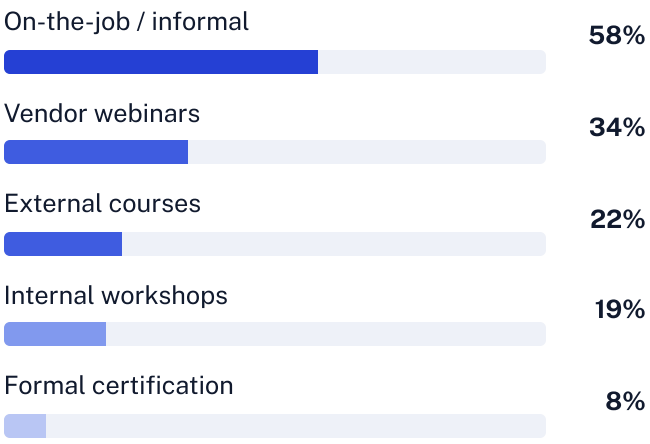
The barriers cluster into three types. **Capability** (training, ROI uncertainty) is the largest and most actionable. **Cost** is real but secondary, and often a proxy for uncertainty — firms are reluctant to spend when they cannot predict the payoff. **Risk** (privacy, compliance, integration) is a persistent drag that grows more urgent as usage becomes routine and data exposure widens.

The training–cost inversion. In 2024, cost was the most-cited barrier. By 2026 it has been overtaken by training. As tool prices fell and free tiers proliferated, the bottleneck moved downstream — from acquiring AI to using it well. Money is no longer the wall; skill is.

07 Training Investment

If training is the binding constraint, the level of investment in it is sobering. Only 42% of firms provided any form of AI training in the past 12 months, and median annual spend on AI upskilling was just $180 per employee. Most learning is happening informally, on the job, without structure or measurement.

Training format used (multi-select)



The return on training is stark. Firms with structured programs were more than twice as likely to report measurable gains (71% vs 34%). The effect held after controlling for firm size and sector, making training the strongest single predictor of return in the dataset. Yet fewer than one in ten firms have invested in the most durable form — formal certification.

> **The paradox in one line:** firms name training as their biggest barrier, yet spend a median of $180 per employee on it. The gap between stated priority and actual investment is the clearest opportunity in this report.

08 Workforce Outcomes

Early workforce effects are real but modest, and overwhelmingly about augmentation rather than replacement. Among active users, 48% report time savings on routine tasks, with an average of 5.2 hours saved per employee per week. Where time is freed, most firms redeploy it rather than cut it: 22% moved staff to higher-value work, while only 9% reduced headcount or declined to backfill.

48%
report time savings on routine tasks

5.2h
saved per employee per week (active users)

22%
redeployed staff to higher-value work

9%
reduced headcount or did not backfill

Looking forward, momentum is clear: 63% of firms expect to increase AI investment over the next 12 months, and none of the sectors surveyed expected to decrease it. But the governance base remains thin. Only 12% have a written AI usage policy, meaning most organizations are scaling usage faster than they are building the rules to manage it — an imbalance that concentrates quality and privacy risk precisely where usage is heaviest.

The governance lag. Usage has outrun policy by a wide margin — 67% use AI regularly, but only 12% have written rules for it. Every quarter that gap persists, more sensitive data flows through tools no one has set boundaries around.

09 Recommendations

For SME leaders

1 **Treat training as the primary lever, not an afterthought.**
The data is unambiguous: structured training more than doubles the odds of measurable returns. Even a modest, repeatable program beats ad-hoc learning. Budget for it before buying more tools.

2 **Start with high-adoption, low-risk use cases.**
Administrative, communication, and documentation tasks offer the fastest, safest wins. Build confidence and skill there before moving to revenue-or people-facing decisions.

3 **Write a one-page AI usage policy now.**
With only 12% of firms having any written rules, a short policy covering approved tools, data handling, and review expectations is a low-cost, high-value control that closes real exposure.

4 **Measure before and after.**
Pick one metric per use case — hours, throughput, or error rate — and baseline it. Firms that measure can justify further investment; those that don't are guessing.

For associations & policymakers

5 **Fund shared training, not tool subsidies.**
The binding constraint has shifted from cost to capability. Pooled, sector-specific training programs address the actual bottleneck and reach micro firms that cannot build programs alone.

6 **Publish plain-language governance templates.**
A free, adaptable usage-policy and data-handling template would let thousands of SMEs close the governance gap overnight without legal spend.

7 **Target the micro-firm double disadvantage.**
Micro firms adopt least and train least. Programs designed for their constraints — time, budget, and staffing — will yield the largest marginal gains in national AI readiness.

10 Appendix: Data Tables

Table A1 · Adoption by sector

Sector	Base (n)	Adoption	vs 2024
Professional Services	96	81%	+22
Retail & E-commerce	88	74%	+29
Healthcare & Wellness	71	63%	+25
Transportation & Logistics	64	61%	+24
Manufacturing	73	58%	+26
Hospitality & Food Service	62	55%	+27
Construction	58	49%	+28
All sectors	**512**	**67%**	**+26**

Table A2 · Barriers by firm size (share citing)

Barrier	Micro	Small	Medium
Lack of staff training	61%	52%	44%
Cost / budget constraints	47%	36%	26%
Data privacy & security	27%	32%	38%
Uncertainty about ROI	31%	29%	24%
Integration with systems	19%	24%	33%

Table A3 · Training & outcomes summary

Metric	Value
Firms providing any AI training (past 12 mo.)	42%
Median annual AI upskilling spend per employee	$180
Gains reported — with structured training	71%
Gains reported — without training	34%
Avg. weekly hours saved per active user	5.2
Firms expecting to increase AI investment	63%
Firms with a written AI usage policy	12%

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