Making AI work for Europe

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Exploring the current state of AI adoption, the barriers holding workers and businesses back, and how policymakers, industry and civil society can together support Europe to capture the technology's value.

This Ipsos report, commissioned by Google, draws on rapid evidence assessment and engagement with senior experts across the EU.

Executive Summary

The economic opportunity and the adoption imperative

Generative AI offers the potential to be transformative for European economic growth and competitiveness. Industry modelling indicates that widespread adoption could boost EU GDP by as much as €1.2 to €1.4 trillion, or 8%, over the next 10 years, driven primarily by productivity gains across sectors.[1] The evidence suggests these gains extend beyond time saved through simple automation and efficiency. Rather, they are driven by augmentation- giving the workforce new capabilities to solve complex problems, engage in higher-value work, and drive product innovation. At the firm level, research suggests that successful AI adopters enjoy a productivity premium of over 4% relative to comparable non-adopters.[2] Capturing this potential is a core policy focus across the EU, reflected in the European Commission's AI Continent Action Plan and Apply AI strategy, and in national AI strategies across Member States.

However, achieving this economic potential across the EU is not guaranteed. Realising significant growth is likely to depend on timely, widespread adoption of value-generating AI, with delayed or uneven uptake significantly reducing medium-term growth prospects.

The current state of AI adoption: uneven and concentrated

Our analysis, drawing on a rapid evidence assessment of approximately 70 studies and 15 expert stakeholder interviews across Europe, reveals a fundamental unevenness in AI adoption across the EU business community.

There is widespread variation in assessments of the level of AI adoption across the EU, depending on multiple factors, including: how AI adoption is defined, how organisations are asked about adoption, and when the research happened. Despite the absence of a consensus on how many EU organisations are using AI, Eurostat data provides a reliable basis from which to gauge engagement with AI across the EU. This data suggests that while approximately 20% of EU businesses with 10 or more employees used AI technology in 2025, this aggregate figure masks significant variation. AI use is heavily concentrated in digitally mature, knowledge-intensive sectors: 62% of information and communication businesses use AI tools, compared to 17% of manufacturers and approximately 11% of construction firms. Large businesses are considerably more likely to adopt AI than small and medium-sized enterprises, with this gap widening from 30 percentage points in 2024 to 38 percentage points in 2025. Regional disparities are equally pronounced, with Nordic Member States reaching adoption rates of 35-42% while parts of Eastern and Southern Europe trail at 5-9%.[3]

These adoption gaps could carry profound implications. If AI productivity gains remain concentrated in specific sectors and regions while others stagnate, aggregate economic growth

[1] Implement Consulting Group (2024). *The economic opportunity of AI in the EU*
[2] Aldasoro et al (2026). *EIB Working Paper 2026/02*
[3] Eurostat (2025), *Use of artificial intelligence in enterprises.* https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Use_of_artificial_intelligence_in_enterprises

may be dampened, and existing digital and economic divides within and between Member States may be exacerbated. Given that smaller businesses constitute 99% of the EU business population, widespread AI adoption and the potential productivity gains will be limited if this cohort does not engage with AI.

Human-centric barriers: beyond technology to individual decision-making

Our findings indicate that bridging the gap between the current narrow AI adoption landscape and the widespread adoption required to realise AI's full economic potential necessitates a focus on human-centric drivers and barriers, rather than technological factors alone.

Decisions about whether and how to use AI are made by individuals: the organisation leaders who determine investment levels and governance frameworks for AI use, and workers who shape the extent to which AI tools are used in practice. Drawing on the Technology Acceptance Model, we position AI adoption as dependent on two cognitive factors at the individual level: perceived usefulness and perceived ease of use.[4] A positive assessment of AI against these dimensions is a prerequisite for adoption, yet such an assessment is far from universal.

Within this context, we identify six core questions that individuals must navigate before making the decision to adopt AI:

1. **Is AI relevant to me?** Many organisations, particularly SMEs and firms in traditionally non-digital sectors, struggle to identify practical, value-generating applications of AI for their specific context.

2. **What is the value of AI?** Business leaders face genuine challenges in estimating the return on investment, given inherent uncertainties and the potential for productivity gains to only materialise after a lag in time.
3. **What are the risks?** Concerns about cybersecurity, data privacy and the quality of AI outputs can tip the balance against adoption, even where clear use cases exist.

4. **What are the rules?** Regulatory uncertainty, whether real or perceived, can lead organisations to adopt conservative strategies or delay engagement with AI entirely.

5. **Can I trust AI?** Workforce hesitancy, driven by fears of job displacement, concerns about deskilling, or a lack of trust in AI outputs, can inhibit adoption even where leadership is supportive.

6. **Do I have the capability to use AI?** Skills gaps, extending beyond technical AI capabilities to encompass change management, AI literacy and complementary soft skills, can prevent effective implementation even where there is intent.

[4] Davis, F. (1989), Perceived Usefulness, Perceived Ease of Use, and User Acceptance of Information Technology

A negative or neutral answer to any of these questions may cause individuals, and, by extension, organisations, to either actively or passively choose not to use AI tools at work.

Principles for building an environment that supports AI adoption

Based on these findings, we outline 3 guiding principles for policymakers, business leaders and technology providers seeking to accelerate AI adoption across the EU:

Principle 1: Guide sectors to identify task-specific relevance to build the case for AI's utility and value.

Widespread, value-creating technology adoption can arise naturally when organisations start with a core business problem or potential innovation that technology could support with, rather than being driven by an aim to adopt new technology as the end goal. A sector-specific approach to supporting AI adoption is therefore key. This requires dialogue and collaboration between technology providers, industry sectors, government bodies and academia to identify sector-specific use cases, demonstrate value through relevant case studies, and provide regulatory clarity that reduces perceived risk. The EU's existing structures, including the European Digital Innovation Hubs and the AI Alliance, provide frameworks within which to pursue this, but there is room for more targeted, sector-level engagement.

Principle 2: Support the development of organisational capacity and readiness to enable experimentation and implementation.

Beyond supporting business leaders and workers to identify value in AI tools, there remains a significant implementation challenge. Research indicates that AI adoption is often more of an organisational design challenge than a technological one. For example, gains are most likely complemented by investments in workforce training, process redesign and change management. For SMEs in particular, there is significant value in enhancing the policy focus on building the capacity and capability to integrate AI tools rather than focussing predominantly on access to tools. This includes developing clear organisational AI strategies, linking AI to value-critical processes, and building oversight mechanisms that enable trust.

Principle 3: Build AI literacy to ensure that organisations have an effective skills mix to capitalise on AI opportunities.

AI literacy, understood as the ability to understand, evaluate and make decisions about AI outputs, must be treated as a foundational requirement across organisations. Skill requirements for AI adoption therefore extend far beyond technical AI skills that may be held by specialist teams. By equipping both leaders and workers with the knowledge to evaluate AI tools critically and safely, organisations can foster the psychological safety needed to experiment, closing the gap between strategic intent and on-the-ground adoption. Policymakers, professional bodies and technology providers can support this through defining responsible AI standards, setting expectations for AI use within specific professions and sectors, and providing hands-on training and demonstrations.

Introduction - Framing AI adoption dynamics in the EU

The trajectory of AI development and adoption is not set, but as a potential General Purpose Technology (GPT), generative AI offers the potential to drive innovation and productivity across sectors and contribute to significant economic growth. The results of modelling this economic growth potential vary and are inherently uncertain, but some industry estimates indicate that widespread adoption of generative AI could boost EU GDP by as much as €1.2 - 1.4 trillion, or 8%, in 10 years through productivity growth.[5] Accelerating research and development through AI could unlock a further €250 billion in GDP growth by increasing the productivity of innovation processes.[6]

Capturing this economic growth potential is a core policy focus across the EU. The European Commission's AI Continent Action Plan outlines a strategy to become a global leader in AI by investing in computing infrastructure; ensuring access to high-quality data; stimulating the development of AI algorithms and leveraging their adoption; developing a strong AI talent base; and facilitating compliance with the EU AI Act.[7] The Apply AI strategy builds on this by targeting increased AI adoption and innovation across 10 high potential sectors.[8] At a national level, governments across Europe have developed and continue to iterate AI strategies to leverage this technology to deliver on economic and social objectives.[9]

With clear political will and significant economic potential, the adoption of generative AI *could* be transformative and propel future growth. But will it?

Generative AI's near-term economic potential is not guaranteed, nor is the way in which AI is applied across the economy. Scenarios that lead to significant economic growth depend on timely, widespread adoption of value generating AI, with delayed adoption significantly reducing medium-term growth prospects. As the widespread adoption of AI would transform sectors, roles, teams and tasks, these structural changes will be a highly personal and challenging transition for many, involving reskilling, shifting tasks, and adapting to new ways of working. To realise AI's growth potential while mitigating societal risks, policymakers, business leaders, and workers need to be actively engaged in the application of AI.[10]

Capturing AI's economic potential therefore requires deliberate, problem-led, and human-centric adoption of AI across a broad range of sectors and managing job transitions within those sectors.[11] This is also dependent on the engagement of businesses of all structures and sizes. Small and Medium-sized enterprises (SMEs) represent 99% of EU businesses and 75% of employment.[12] This cohort of businesses will be critical to unlocking this potential.

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[5] Implement Consulting Group (2024). *The economic opportunity of AI in the EU*
[6] Implement Consulting Group (2025). *The European AI innovation opportunity*
[7] European Commission (2025). *The AI Continent Action Plan*
[8] European Commission (2025). *Apply AI strategy*
[9] OECD (2025). *Progress in Implementing the European Union Coordinated Plan on Artificial Intelligence*
[10] Implement Consulting Group (2024). *The economic opportunity of AI in the EU*
[11] Implement Consulting Group (2025). *The European AI innovation opportunity*
[12] European Investment Bank (n.d.). *SMEs and mid-caps*

Decisions about whether and how to use generative AI tools, as with other forms of technology, are made by individuals. Leaders in a business will decide whether to invest in AI tools, which tools to invest in and how to deploy them across the organisation, including setting governance frameworks and workplace policies on AI. The wider workforce will shape the extent to which business functions use AI tools in practice and their engagement will determine whether AI adoption leads to productivity improvements and innovation at the organisational level.

In this context, **this report examines:**

1. **The current state of AI adoption** to understand the nature and scale of adoption today.
2. **The barriers to AI adoption** across the EU business community and public sector to understand why some organisations are yet to adopt AI tools or have only done so in limited ways.
3. **The mechanisms for supporting future AI adoption** across the EU**,** focussing on individual, user-centric decision making among business leaders and workers.

In doing so, it considers where Europe currently stands, where policymakers need to focus their efforts, and outlines core principles for government, business, and technology providers when trying to accelerate AI adoption.

Defining AI and successful AI adoption

AI is a broad field of technologies that can perform tasks that typically require human intelligence, such as learning, reasoning or problem solving, with a range of sub-fields within it. This includes machine learning, where AI systems learn from data to identify patterns and make predictions or decisions; natural language processing that allows computers to understand, interpret and generate human language; or computer vision which allows computers to interpret visual information.[13]

In this report, references to "AI" refer to generative AI tools (including, but not limited to, those focussed on natural language processing) that can create original content, though in cases where a broader view of AI is taken, this is specified.

There is no commonly accepted definition of "AI adoption" and research varies in how it captures:

- The nature of AI use, for instance, the specific use cases that are tested within surveys and the focus on generative AI versus broader forms of AI;
- The frequency of AI use, and whether infrequent use constitutes adoption or not;
- The depth of AI use, such as whether AI tools are integrated within workflows and embedded within a business versus used in a comparatively shallow way.

For the purposes of this work, we position AI adoption as the purposeful and sustained integration of AI tools into business workflows and processes. This would exclude informal forms of AI use within an organisation where individual employees use AI tools without authorisation (sometimes referred to as shadow adoption) and shallow forms of AI use that are not routine. We consider AI

[13] Google Cloud, *Artificial Intelligence (AI): a simple-to-understand guide*

adoption to be "successful" where the technology is used to solve an organisational problem or to drive product and service innovation, generating observable value for the organisation and the user. This can be through productivity gains, efficiency improvements, innovation, enhanced decision-making, process re-design or role/task creation, and enables workers to augment their capabilities and engage in higher value work.

Our approach

To assess the AI adoption landscape and the influences within it, Ipsos has conducted:

1. **A rapid evidence assessment:** a review of approximately 70 studies into AI adoption levels across Europe and the drivers and barriers of adoption. Sources reviewed include academic studies (including empirical research), synthesis reports, research produced by reputable international organisations such as the OECD, and third-party survey data. All studies reviewed were published after 2024 to ensure relevance to recent trends in generative AI. [A full bibliography is included in Annex A].
2. **A programme of expert stakeholder interviews:** [15] semi-structured interviews with senior stakeholders engaged with AI adoption issues across Europe. Interviews were conducted between January to March 2026. Interview participants included academics, AI policy specialists, think tank representatives, business representatives and workforce representatives. Interviewees reflected a pan-European perspective from EU Member States with varying levels of AI adoption - Austria, Belgium, Croatia, Denmark, Estonia, France, Italy, Latvia, Netherlands, Poland, Portugal, Spain and Sweden. [An anonymised breakdown of interview participants is provided in Annex B].

Across this research, Professor Dorrotya Sallai of the London School of Economics supported Ipsos by reviewing literature, providing advice and reviewing drafts of this report.

Overall findings

Drawing on this research, we find that while AI adoption across European businesses is increasing, it is uneven within and between EU Member States. AI use is concentrated in technology and professional service sectors, and in digitally mature businesses such as large firms and startups. However, we argue that bridging the gap between this narrow AI adoption landscape and widespread adoption would necessitate a focus on more human-centric drivers and barriers and not just on technological factors.

Within this report, we show that for many business leaders and workers, the case for AI adoption still needs to be made. While individuals may recognise the potential of AI in the abstract, this does not necessarily translate into AI use at work. For decision-makers, we explore the inhibitors of identifying the relevance and value-proposition of AI tools for their business, and balancing these against perceived risks such as those associated with poor quality outputs, data privacy or regulatory constraints. For workers, we examine a range of intrinsic barriers relating to trust and

confidence: fears of job displacement or de-skilling; lack of trust in AI outputs; perceived relevance of AI for individual tasks and roles; and the impact of AI on work intensity and personal fulfilment.

Assessing these collectively, we suggest that leaders and employees in organisations across the EU ask a series of questions before they actively consider how to implement AI tools: "is AI relevant to me?", "what is the value of AI?", "what are the risks?" and "what are the rules?" Each is linked to the perceived usefulness of AI, and a positive answer to these questions could have a significant impact on AI adoption.

Among those that do see the value and utility of AI tools, there remain questions whether they can trust AI, and whether they have the capability to use AI tools**.** Both relate to the perceived ease of using AI. For business leaders, we consider the role of change management skills, the potential to re-design workflows and business models, and strategic governance requirements. For workers, we consider the role of AI literacy and skill gaps, including both technical and "soft" skills. In these cases, we find that practical barriers can inhibit effective adoption even where businesses may want to embed AI technology.

Using these findings, we provide principles for leaders seeking to unlock the productivity and innovation potential of AI. Advocating a focus on how individuals within a business perceive AI and its value, we outline an evidence base for a human-centric approach to AI adoption policy and a series of principles to consider with a view to bridging the range of adoption "gaps" that persist across Europe.

State of Play: The context of AI adoption across the EU

AI's economic potential

Mario Draghi's 2024 report into the future of European competitiveness opened with a reflection on sluggish EU economic and productivity growth in recent decades; "various strategies to raise growth rates have come and gone, but the trend has remained unchanged".[14]

Applying AI to solve complex problems, drive product innovation, and generate higher-value work offers a way to break this trend and generate new economic activity. Some industry modelling, as noted above, indicates that a scenario of widespread AI adoption could boost EU GDP by 8% in 10 years, equating to €1.2 - 1.4 trillion.[15] This, in part, reflects the impacts of 1.4% annual productivity gains driven by AI across the EU.[16] However, the potential impact of AI on Europe's growth trajectory is inherently uncertain and other studies suggest more moderate gains. An IMF working paper, for instance, notes that "macroeconomic evidence for Europe remains scarce" and estimates at 1.1% productivity gain for Europe over 5 years, though it does not seek to forecast the implications for GDP.[17]

The variation in these economy-wide productivity estimates demonstrates the breadth of possible economic outcomes from the diffusion and adoption of AI. Equally, because AI models and tools are evolving so rapidly, robust economic evidence inherently lags behind the technology. Consequently, current data captures earlier stages of adoption and may not fully reflect the macroeconomic potential of the latest AI developments. In reflecting different underpinning assumptions for how AI might affect the EU economy, these estimates indicate that while the potential gains are large, they are not guaranteed. Realising these large gains requires equipping leaders and workers to explore AI's potential starting with a core business problem or a desire to innovate. Then, supporting firms to complete the necessary process re-engineering and workforce reskilling required to develop and capitalise on specific use cases.

At a firm level, there is strong evidence of AI's economic potential. Recent research from the European Investment Bank (EIB) suggests that AI is delivering a 4% labour productivity premium to firms that successfully adopt it.[18] This firm-level advantage is further supported by OECD research, which demonstrates that when evaluating businesses of equivalent scale, maturity, and industry - a dynamic particularly relevant for SMEs - those using AI consistently record productivity advantages exceeding 4% compared to non-users.[19] To put this in perspective, this premium is roughly five to ten times higher than Europe's most recent annual productivity growth rates. This illustrates the theoretical scale of economic gains from the adoption of AI, even if the structural differences

[14] Draghi, M. (2024). *The future of European competitiveness.* European Commission.
[15] Implement Consulting Group (2024). *The economic opportunity of AI in the EU*
[16] Implement Consulting Group (2024). *The economic opportunity of AI in the EU*
[17] Misch, F., Park, B., Pizzinelli, C. and Sher, G. (2024). *Artificial Intelligence and Productivity in Europe.* IMF Working Paper WP/25/67.
[18] Aldasoro et al (2026). *EIB Working Paper 2026/02*
[19] Calvino et al. (OECD/2025), *AI adoption by small and medium-sized enterprises*

between firm sizes, sectors, and regions make it highly unlikely that these gains will be uniformly replicated across all enterprises.

However, macroeconomic modelling by the OECD highlights that without efficient reallocation of capital and labour across sectors, economy-wide gains could be diluted by up to 50% due to the Baumol effect, where productivity growth concentrated in specific sectors fails to translate into aggregate growth. This aligns with mid-range macroeconomic projections from the OECD, which estimate that AI could boost annual Total Factor Productivity (TFP) by 0.3 to 0.9 percentage points over the next decade.[20] Similarly, the EIB references mid-range estimates suggesting annual TFP gains of 0.3 to 0.7 percentage points.[21]

The evidence suggests that productivity and efficiency gains directly translate into meaningful commercial outcomes. Firm-level data also indicates that companies investing in AI experience increased growth in sales and market valuation, driven largely by product innovation.[22] Specifically for SMEs, econometric analysis finds that AI adoption among SMEs leads to a higher probability of revenue growth, particularly when implemented alongside complementary digital infrastructure like cloud computing and big data analytics.[23]

These findings show the clear potential for organisations to leverage AI for productivity and growth. However, other research adds nuance to the argument for AI's productivity enhancing potential. For instance, research into AI adoption in Ireland (covering AI tools beyond generative AI) finds that the productivity gains from AI can be "modest, delayed and short-lived" on average, but that the effects are stronger where AI is used for specific purposes in marketing, business administration, and ICT security.[24]
The productivity potential of AI is likely to depend on what AI tools can be used to support, and how they are deployed across organisations. This is reflected in modelling of AI-driven productivity growth, with one study finding that productivity gains over the next ten years could be as low as 0.1 percentage points in manually-intensive activities such as agriculture, and as high as 2.8 percentage points in knowledge intensive sectors such as finance and professional services.[25]

Though the specific economic potential of AI is contested and remains uncertain, business leaders recognise the significant potential for productivity improvements. The 2025 iteration of a multi-year survey of European Business leaders for to support wider research from the Copenhagen Business School finds that the main incentives for making greater use of AI are the potential for AI to save employees time (cited by 29% of respondents), improve business productivity (25%) and increase business profitability (22%). Similarly, 72% of business leaders surveyed report that generative AI has improved business productivity over the past year.[26]

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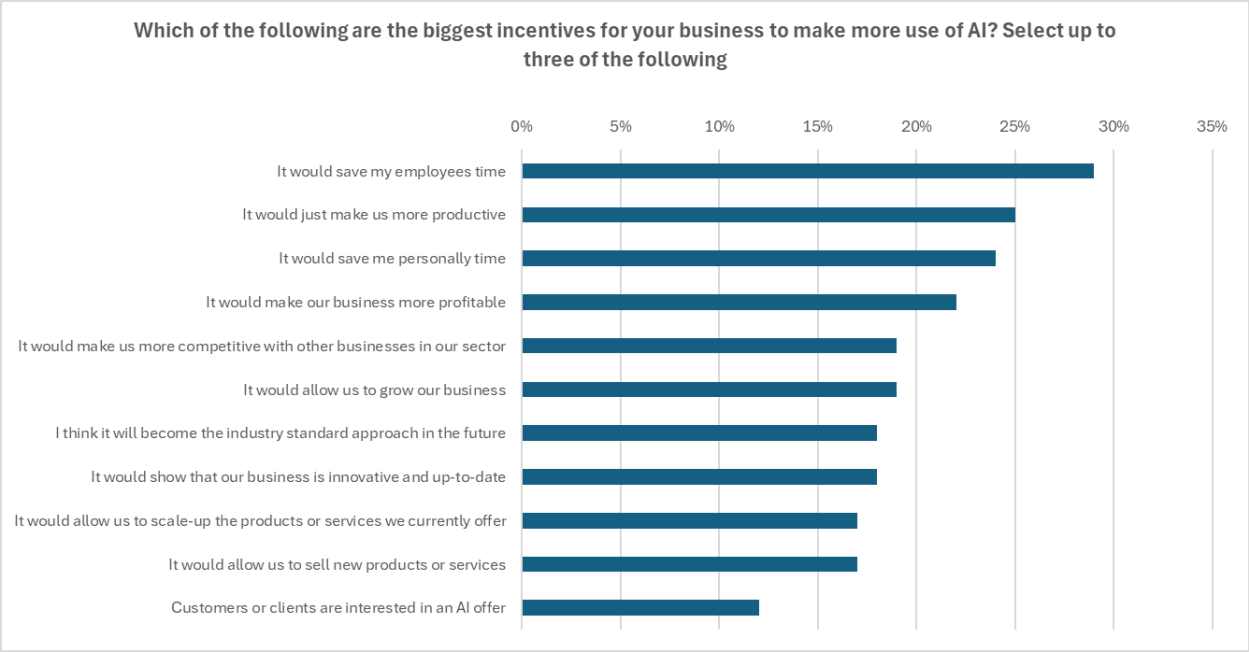
[20] Filippucci et al (2024) *Miracle or myth? Assessing the macroeconomic productivity gains from artificial intelligence*
[21] Aldasoro et al. (EIB Working Paper/2026), *AI adoption, productivity and employment: Evidence from European firms.*
[22] Babina, T., Fedyk, A., He, A., & Hodson, J. (2024). *Artificial intelligence, firm growth, and product innovation*. Journal of Financial Economics.
[23] Ardtio, L., Filieri, R., Raguseo, E., and Vitari, C. (2024), *Artificial intelligence adoption and revenue growth in European SMEs: synergies with IoT and big data analytics*
[24] Siedschlag, I., and Duran, J. (2025), *Artificial Intelligence and Firm-Level Productivity: Early Evidence from a Small Open Economy*
[25] Filippucci, F., Gal, P., and Schief, M. (2025), *Aggregate Productivity Gains from Artificial Intelligence: a Sectoral Perspective,* Economics Department, OECD.
[26] Public First (2025) *Public First polling for Google EU- 2025*



AI and the EU labour market

While the potential long-term net impact of AI on aggregate job numbers remains contested, widespread adoption will drive a structural transition across the labour market. Western Europe, in particular, is highly exposed to adoption, and navigating this shift is now a central theme for political and economic debate.

At the time of writing, there are prominent instances of global organisations citing AI as a driver or justification for workforce reductions in the foreseeable future. This, in turn, drives widespread commentary on the potential negative impacts of AI on labour market outcomes. However, a recent meta-analysis conducted by academics at the University of Bologna found no statistically significant effect of AI on labour market outcomes at the current stage of AI adoption (which is discussed further below) and "no strong empirical consensus" on AI's labour market outcomes.[27]

There is also evidence of the reverse. Recent European Central Bank (ECB) analysis indicates that active AI users are roughly 4% more likely to expand their workforce.[28] This net-positive effect on job creation is particularly strong among smaller enterprises and organisations leveraging AI specifically to drive research, development, and innovation. This aligns with European Investment Bank (EIB) research which also suggests that workers at firms using AI often see a wage premium. However, this highlights a different risk: the potential for widening wage disparities, as the financial benefits of AI may mostly accrue to more skilled workers.[29]

[27] Carbonara, E., Santarelli, E., and Tripathi, I. (2025), *Assessing the impact of AI on labor market outcomes: A meta-analysis*

[28] Lebastard and Sondermann (The ECB Blog/2026), *Artificial Intelligence: friend or foe for hiring in Europe today*

[29] Aldasoro et al. (EIB Working Paper 2026/02), *AI adoption, productivity and employment: Evidence from European firms*

To realise AI's productivity gains, it is necessary for the technology to change the content of jobs, and there is some evidence that this is already happening.[30] In these instances, the tasks workers focus the bulk of their time on may change, leading to role changes and worker reallocation. As existing roles are augmented and productivity rises, AI is expected to generate entirely new economic activity, leading to the creation of new tasks, roles, and professions that do not exist today.

Adoption could lead to unemployment when workers are unprepared for technological change, with skill mismatches.[31] For individuals, this means risks to their wage levels, the challenge of mid-career reskilling, and a loss of agency for those least able to adapt. For the broader economy, a failure to proactively support workforce transitions would limit AI-driven productivity growth and exacerbate regional inequalities.

While automating routine tasks can cut costs, human-centric productivity gains come from augmentation - using AI to extend what people can do, solve complex business problems, and enable higher-value work. This raises marginal productivity: the additional value a worker brings to production.[32] Multi-year surveying supporting Copenhagen Business School research, for instance, found that of those that have implemented AI across their organisation, 69% had re-skilled existing employees as a result, though 32% had reduced the size of their workforce.[33] While this data reflects the technology's capacity for workforce reduction, the strong focus on reskilling shows the practical potential for augmentation and the perceived value of using AI as a collaboration tool.

The prospect of leveraging AI for augmentation over automation is not guaranteed, though. The same survey of business leaders in 2025 finds that, when thinking over a 5-year time horizon, 55% thought AI was very likely or likely to reduce the need for human employees across their business to some extent, unchanged from the previous year.[34] Crucially, successful augmentation relies heavily on the human element: workers must trust the technology and be empowered to experiment. If workers view AI as a threat to their roles, or lack psychological safety and management permission to test these tools safely, they will not actively integrate them. These findings suggest the need to actively shape the direction of AI adoption, prioritising human-centric augmentation, trust-building, and workforce capabilities.

[30] Gathmann, C., Grimm, F., and Winkler, E. (2024), *AI, Task Changes in Jobs, and Worker Reallocation*
[31] Becchetti, L., Biondo, A.E., and Solferino, N. (2025), *Artificial intelligence and employment: a task decomposition approach*
[32] Acemoglu and Johnson (Finance & Development/ 2023), Rebalancing AI.

[33] Public First (2025) *Public First polling for Google EU- 2025*
[34] Public First (2025) *Public First polling for Google EU- 2025*

The EU AI adoption landscape

To assess whether the EU is on course to realise AI's economic potential in a way that aligns with its broader societal objectives, it is critical to understand the nature and scale of AI adoption across the EU. However, measuring this is inherently challenging and there is no definitive view of the EU's AI adoption rate. As noted in the introduction, there is no consistent definition or shared understanding of AI adoption to use as the basis for this measurement. Perceptions of adoption will vary with the nature, frequency, and depth of AI use. Equally, the rapid development and diffusion of generative AI tools mean that the timing and sample for any survey measuring AI adoption can have a large impact on the outcome.

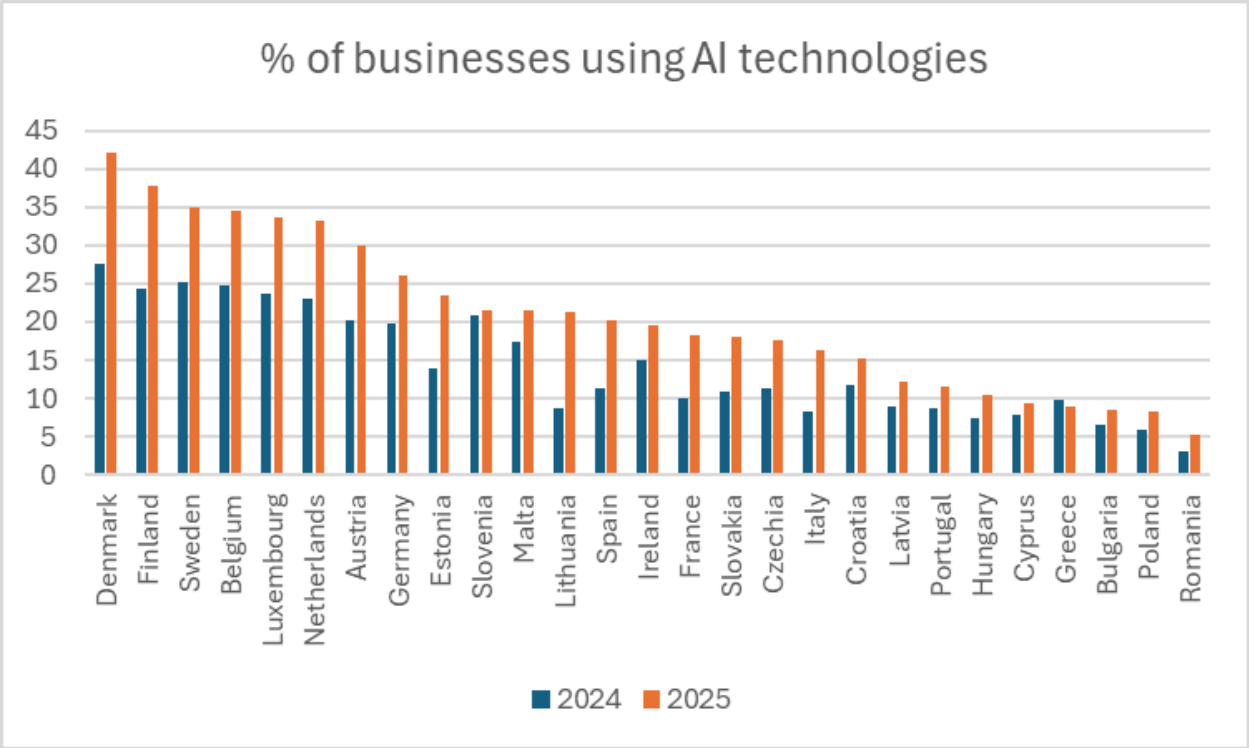
While surveys with large sample sizes by Eurostat (157,000 enterprises) and the European Investment Bank (EIB) (13,000 firms) both provide broad-based baselines, they frame their questions about AI differently. For example, Eurostat asks businesses about their use of specific, technically defined AI categories (such as 'technologies analysing written language' or 'machine learning'), resulting in a headline adoption rate of 20% across all firms. In contrast, the EIB survey explicitly names widely recognised commercial tools like ChatGPT, Bard (now Gemini), or Copilot, resulting in a headline adoption rate of 37%. In our assessment, businesses are more likely to report using AI when asked about familiar brand-name tools they recognise rather than use categories.

Research into AI adoption across Europe typically relies on estimates from Eurostat. While Eurostat's definition extends beyond generative AI and excludes businesses with fewer than 10 employees, its very large size ensures a robust and consistent representation of the large proportion of SMEs in the EU economy. Therefore, for the purposes of this report, we focus on Eurostat data to provide a baseline for overall adoption, while using the EIB Investment Survey to validate findings. Alongside Eurostat and the EIB survey, we cite other sources of robust data that provide insights on different dimensions of AI adoption, particularly looking beyond current broad usage toward indicators of future adoption and digital maturity.

While the headline figures vary due to differing methodologies, target populations, and definitions of use, the overall trajectory is clear. Adoption is growing rapidly from a low base. Despite this momentum, overall adoption remains in its early stages, with significant variation across EU Member States and organisations in different sectors and of different sizes.

At a regional level, Eurostat data indicates that business AI adoption is significantly above the EU average in the Nordic Member States, reaching 42% in Denmark, 37% in Finland and 35% in Sweden. By contrast, parts of Eastern and Southern Europe trail the EU average, with adoption lagging in Romania at 5% and in Poland, Bulgaria and Greece where adoption hovers between 8 to 9%. These figures even suggest that in Greece, AI use may have fallen in the past year, from 10% in 2024 to 9% in 2025.[35] EIB data indicates similar regional variation, with the Nordic Member States leading in adoption and Southern and Eastern Europe lagging, though with a slightly different ordering of Member States; this survey finds an adoption rate of 66% in Finland, for instance, compared to 19% in Greece.[36]

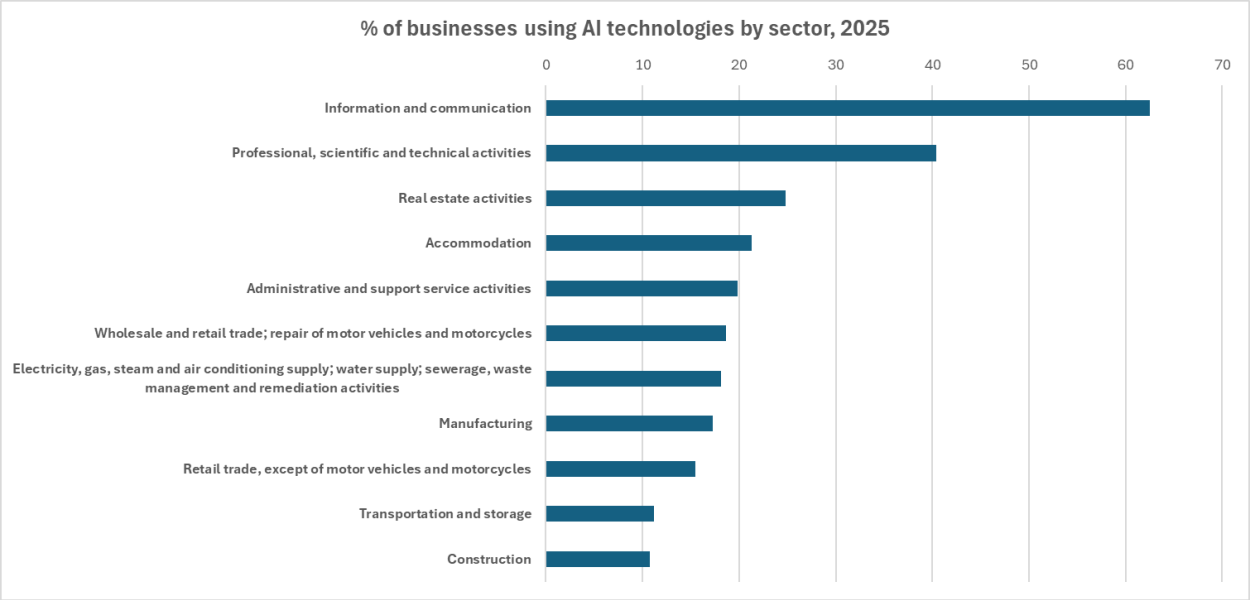
[35] Eurostat (2025), *Use of artificial intelligence in enterprises*. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Use_of_artificial_intelligence_in_enterprises
[36] European Investment Bank (2025), *EIB Investment Survey 2025: European Union Overview*



Other studies have assessed the differences in AI use as stemming from both country-specific policies towards AI and the pre-existing digital infrastructure and economic conditions within each country.[37] The causes of this variation in adoption between Member States will be explored in further detail in the following chapter.

In the context of AI usage being affected by pre-existing economic conditions, a further breakdown of adoption statistics suggests that Member State adoption levels may partly reflect the sectoral composition and prevalence of large businesses in each country. AI adoption varies considerably by sector, with the use of AI tools concentrated in sectors that focus on text- or code-based tasks. Eurostat data shows that 63% of businesses in the information and communication sector and 40% of businesses providing professional, scientific and technical activities use AI tools. By contrast, sectors with more manually intensive tasks show significantly lower AI use; 17% among manufacturers, and approximately 11% in both transportation and storage and construction.[38] Other surveys suggest some uncertainty, with the EIB Investment Survey using broader reporting categories and finding comparable generative AI use among services and manufacturing sectors (36% and 39% adoption respectively) but lower use within construction (27%).[39]

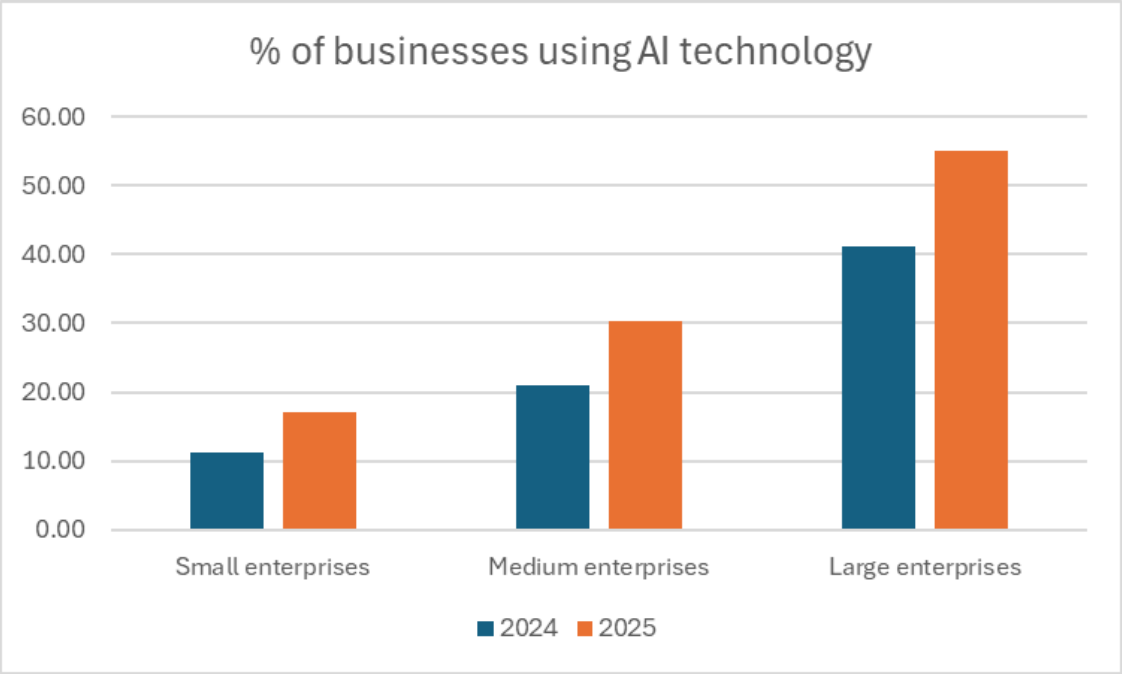
[37] Ionascu, C. (2025), *Artificial Intelligence Adoption in the European Union: A Data-Driven Cluster Analysis (2021-2024)*
[38] Eurostat (2025), *Use of artificial intelligence in enterprises*. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Use_of_artificial_intelligence_in_enterprises
[39] European Investment Bank (2025), *EIB Investment Survey 2025: European Union Overview*



When considered alongside the variation in adoption at a Member State level, these statistics indicate that the sectoral composition of a Member State's economy is likely to contribute to overall levels of AI use among its businesses. Member States with larger service sectors, for example, may see higher economy-wide levels of AI adoption than Member States with larger construction sectors. We suggest that the nature of AI technologies is such that the use cases for it are clearest for text- and code-based work. For instance, even in sectors with comparatively low AI use, studies suggest that AI tools are typically to enhance competitiveness in ways similar to professional service sectors; for instance, 53% of retail trade businesses and 49% of accommodation services that use AI do so for marketing and sales.[40]

Finally, Eurostat data indicates that large businesses are considerably more likely to use AI tools than small and medium-sized enterprises, and this gap may be widening. In 2024, 41% of large businesses used AI tools compared to 11% of small businesses - a 30% gap. In 2025, 55% of large businesses used AI tools compared to 17% of small businesses, extending the adoption gap to 38%.[41] The gap in AI use between large businesses and small and medium-sized enterprises is reflected in other studies. The EIB Investment Survey similarly finds that smaller businesses lag in AI adoption, with 28% of small and medium-sized businesses using AI in 2025 compared to 44% of large businesses.[42] We would therefore expect Member States with a smaller community of large businesses to have lower aggregate levels of AI adoption.

[40] Kergroach, S., and Héritier, J. (2025), *Emerging divides in the transition to artificial intelligence*
[41] Eurostat (2025), *Use of artificial intelligence in enterprises*. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Use_of_artificial_intelligence_in_enterprises
[42] European Investment Bank (2025), *EIB Investment Survey 2025: European Union Overview*



Digitalisation as a pre-requisite for AI adoption

Considering these "gaps" collectively, we can see that digitalisation is a prerequisite for AI adoption. Preexisting digital maturity is a key factor in explaining the differences between AI adoption across different sectors, regions and firm sizes. For instance, a large professional services business is far more likely to be highly digitised than a small construction business, giving a clearer route for digital growth.

This is reflected in more granular assessments of the types of organisations that are using AI tools. Evidence from French firms, for example, suggests that AI use is strongly linked to the presence of cloud computing and enterprise systems.[43] Similarly, estimates indicate that 79% of innovative digital businesses in Europe, defined as young firms with scalable business models and high growth potential that are enabled by technology, are already using AI.[44] These findings from other studies highlight the importance of digital readiness for AI, with strong digital infrastructure and existing digital capabilities offering a foundation on which organisations can build.

The extent to which broader digitalisation across a business can predict AI adoption is also a common observation raised by experts who engage with these issues.

"It's not size…it's really related to digital maturity."
Academic, Italy

"SMEs are already slower in basic digitalisation, so building AI on top of that is even more difficult."
Think Tank representative, Belgium

However, wider research, particularly from SDA Bocconi and Copenhagen Business School, and the findings of the stakeholder interviews conducted for this project, indicates that these technological factors alone are insufficient to explain differences in AI adoption. In the following chapter, we will

[43] Calvino, F., and Fontanelli, L. (2026), *Decoding AI: An early look at how French firms use AI*
[44] Implement Consulting Group (2025). *The European AI innovation opportunity*

consider a broader range of considerations that may affect individual decision-making in relation to AI, and organisational capacity and readiness to adopt AI.

The impact of an adoption gap

As noted previously, current EU policy is targeting AI-driven economic competitiveness and growth through the AI Continent Action Plan and Apply AI Strategy. However, the adoption lag in between less digitised businesses such as SMEs and those in more manual intensive sectors raises questions as to the extent to which the EU is on track to achieve its objectives.

At a macroeconomic level, uneven adoption may limit the aggregate economic impact of AI adoption. Recent research shows the potential for reduced economic gains across the EU as a result of a "Baumol effect". This is a scenario of unbalanced growth in which parts of the economy increase their productivity due to technological advances and support wage rises without associated price rises, while the productivity of other sectors remains relatively stagnant. In this context, sectors with low productivity gains must nonetheless raise wages at a similar rate to higher productivity sectors to remain competitive in the labour market, prompting overall price rises for consumers across the economy despite technological progress. As a result, research suggests that if AI productivity gains are concentrated in specific sectors and labour cannot easily move between them, aggregate growth may be dampened.[45]

A sustained divergence in AI use between different EU Member States and sectors may also risk exacerbating existing digital and economic divides between different regions of the EU. Recent cluster analysis of structural factors that shape AI diffusion across the EU indicates distinct clusters within the EU: "high-tech service and capital centres, advanced manufacturing core, southern and eastern periphery".[46] This research finds that AI may complement regions with strong innovation systems, such as the high-tech service and capital centres, while other regions are less well-equipped to benefit from AI, thereby deepening economic divides between those regions.[47] OECD research similarly notes that signs of fragmentation are emerging in how AI is being adopted across the EU economy, raising concerns about "competitiveness and territorial cohesion".[48]

If economy-wide use of AI is to contribute to breaking the trend of low EU growth rates, addressing these emerging AI adoption gaps should be considered part of the solution. The available evidence strongly indicates that SMEs are at risk of being left behind in the transition to an AI-enabled economy. Yet given that SMEs constitute 99% of the EU business population and are deeply integrated in the supply chains and customer bases of large businesses, we suggest that aggregate productivity gains through AI adoption will be limited if SMEs do not engage with the AI agenda, with the risk of widening inequality.

[45] Filippucci, F., Gal, P., and Schief, M. (2025), *Aggregate Productivity Gains from Artificial Intelligence: a Sectoral Perspective,* Economics Department, OECD.
[46] Guarascio, D., Relijc, J., and Stollinger, R. (2024), *Diverging paths: AI exposure and employment across European regions*
[47] Guarascio, D., Relijc, J., and Stollinger, R. (2024), *Diverging paths: AI exposure and employment across European regions*
[48] Kergroach, S., and Héritier, J. (2025), *Emerging divides in the transition to artificial intelligence*

Questions blocking the decision to adopt AI

Technology acceptance

Because of its 'artificial' nature - its ability to mimic human cognition, reason, and generate novel content - AI has led to existential fears about safety, a continuing debate around large scale job losses, and concerns about professional and personal identity. However, while its capabilities and the perceptions surrounding it are unprecedented, there are still crucial lessons to be learned from previous instances of technology adoption.

"The curve of technology adoption has always been the same… early adopters… early majority… late majority… The late majority only starts using technology when they see the early majority using it."
Think tank representative, Portugal

In the context of predicting the acceptance of computers in the 1980s, Fred Davis introduced the Technology Acceptance Model. This posited that technology acceptance, or adoption, is primarily determined by two cognitive factors at the level of the individual user:

- **Perceived usefulness** - "the degree to which a person believes that using a particular system would enhance his or her job performance"; and
- **Perceived ease of use** - "the degree to which a person believes that using a particular system would be free of effort".

Davis suggested that both influence the individual's attitudes towards the technology which in turn affects their intention to use it.[49]

While this model has been iterated and extended since Davis's initial work, it still provides an insightful framework for assessing technology adoption challenges across organisations, teams, roles, and individual tasks. Drawing on this model, we can consider the extent to which prospective AI users today - whether they are business leaders or individuals across the workforce - perceive AI tools to be useful and easy to use, and the extent to which this contributes to the decision of whether or not to adopt AI.

A recent survey of approximately 1,800 European business leaders highlights a broad range of reasons why a business may not make more use of, or indeed any of, AI tools that reflect the categories in Davis's Technology Acceptance Model. These vary from risk based concerns about the practical implications of AI, such as concerns about cybersecurity risks (cited by 26% of respondents) and concerns about inaccuracy (cited by 24%) of respondents through to practical operational concerns such as the cost of AI tools (cited by 22%) and more foundational queries relating to the value of AI, such as the view that AI is unlikely to help the business earn additional revenue (cited by 15%) or it is not seen as useful to the business (cited by 12%).[50]

[49] Davis, F. (1989), Perceived Usefulness, Perceived Ease of Use, and User Acceptance of Information Technology
[50] Public First (2025) *Public First polling for Google EU- 2025*

The range of barriers highlighted by business leaders shows that policymakers and leaders across sectors will need to address multiple challenges to realise AI's potential. Drawing on the barriers identified by businesses, we suggest a framework of 6 core questions to illustrate how leaders and workers move from initially assessing AI's relevance to successfully adopting it. A negative, or even neutral, answer to any of these questions may cause individuals and by extension, organisations, to fall behind on the AI adoption journey.

Is AI relevant?

For a business to adopt AI, individuals within the organisation need to believe that AI tools are relevant and offer genuine value for work. They must therefore consider themselves to have a problem or objective that AI could help with. Evidence from survey data, existing research and the findings of our stakeholder interviews indicates that this is not always the case.

Among certain groups - for example, decision-makers mainly in large enterprises - most consider AI relevant; a survey of European business leaders supporting Copenhagen Business School research found that only 12% consider AI not useful for their business.[51] However, for many other organisations, particularly SMEs, identifying a practical application remains a foundational barrier. Data from BPI France, for instance, finds that 72% of SME leaders in France do not yet have a practical application of AI for their business.[52]

In these cases, individuals within a business may be aware of AI at a general level, but this may not translate to knowledge of how it might be useful for themselves or their organisation. This is common for businesses in traditionally non-digital sectors where, as we have seen, adoption rates are lower. Stakeholders interviewed for our research across the EU often referenced the challenge of identifying sector-relevant use cases and that, without concrete case studies, businesses may

[51] Public First (2025) *Public First polling for Google EU- 2025*
[52] BPI France (2024), *IA Révolution*

not know whether and how to engage with AI-related issues. In this context, they may dismiss AI without being able to make an informed decision on whether and how to deploy it in their organisation.

There is also a capability challenge for SMEs, who may struggle with knowing whether and how AI can support their business objectives. Experts noted that while large firms can have cross-functional resources to horizon scan and identify tools to tackle business problems, SMEs typically do not have the skills or capacity to explore how new technologies can help their business activities. If a leader's answer to this relevance question is negative or neutral, the prospects of AI tools being formally integrated within that organisation may currently be low, outside of informal shadow adoption among individual workers.

"Most of them (businesses)... they don't even try because they don't know where to start from."
Academic, Italy

"Many companies say that the leaders... need more insight to see the potential of AI in their specific business area."
Business representative, Denmark

Workers need to see how AI helps them execute specific tasks in their role. There is limited data at an EU level covering worker perceptions of AI. However, a global study that included coverage of 21 EU Member States found that among individuals that never intentionally use AI at work, 58% said that AI tools are not helpful, required or used for their work.[53] This was also reflected in our engagement with stakeholders across the EU for this research, with motivation to use AI seen as a foundational blocker.

"It's also about motivation...Why is this useful for me if we talk [about] work-related things?"
Workforce and training representative, Estonia

AI adoption should be treated as an outcome of problem-solving, rather than an individual goal. Widespread, value-creating adoption is much more likely when organisations start with core business problems - such as streamlining a costly workflow or driving product innovation - and then empower workers to experiment with AI to solve it.

Considering these issues through the lens of broader patterns of technology adoption and acceptance, a business leader's or worker's response to the question of "is AI relevant to me?" is integral to their perception of AI's usefulness. If AI is not perceived as relevant, it cannot be perceived as useful.

What is the value?

From a business leader perspective, return on investment is key to the decision to adopt AI tools or not. Research conducted by the OECD, BCG and INSEAD finds that "AI projects involve a degree of

[53] Gillespie, N., Lockey, S., Ward, T., Macdade, A., & Hassed, G. (2025). Trust, attitudes and use of artificial intelligence: A global study 2025. The University of Melbourne and KPMG. DOI 10.26188/28822919.

experimentation where the ROI is inherently uncertain…even for well-established use cases".[54] Data used within this study - based on a survey of businesses that have adopted AI - indicates that the difficulty of estimating the return on investment of AI was the most frequently cited obstacle to adoption, with 62% of manufacturers and 56% of ICT businesses noting this as a problem.[55] This was similarly raised by business representatives during the stakeholder interviews for this research, as illustrated by the quote below:

"Businesses say that they] risk spending a lot of the resources without having a return of investment, that the business case is not that clear at the moment."
Business representative, Denmark

When weighing up whether to invest in AI tools and capabilities, leaders within an organisation will need to consider both the upfront financial and resource costs associated with procuring (or developing) and implementing an AI tool, and ongoing maintenance costs (such as workforce training), weighing these against the prospect of financial returns. These may derive from productivity and efficiency gains, allowing for increased output or the redeployment of employee time, revenue growth and innovation potential.

Demonstrating this, recent research from Germany finds that providing information on productivity gains associated with AI "causally shifts managers' beliefs about own-firm AI productivity" and that "treated" firms are significantly more likely to implement AI tools within one year.[56]

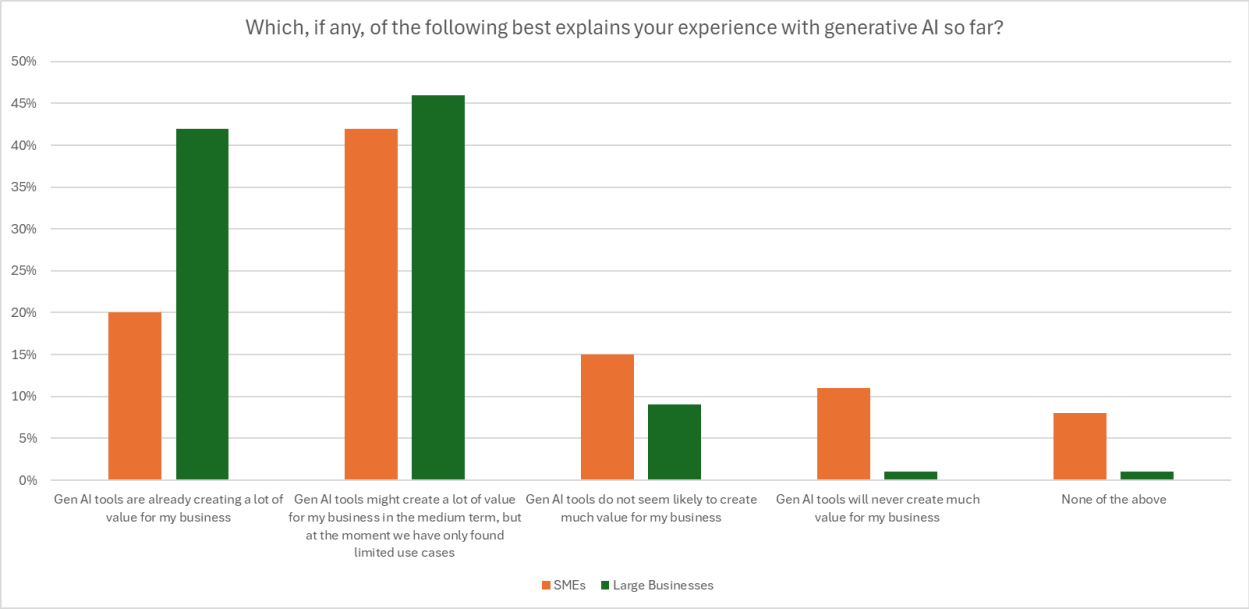
However, assessing this return on investment can be challenging in practice. Leaders must grapple with the time horizon of yielding returns, noting the potential for a "Productivity J-curve" effect where productivity is neutral or even negative in the short term as the business adjusts, with gains materialising only after a lag.[57] Furthermore, firms face a timing trade-off between adopting AI early enough to realise a competitive advantage and waiting for implementation costs to fall.[58] Businesses must also account for hidden overheads that might dampen initial gains, such as the time taken to verify AI outputs or correct hallucinations.[59] Finally, as OECD research highlights, there is the inherent challenge of assessing the counterfactual without AI-for instance, determining whether interventions were truly necessary in cases where AI is used for predictive maintenance.[60]

Making a positive assessment of AI's value may also be easier for some than others, in a way that both reflects and partly explains the variety of adoption gaps across Europe. For instance, higher wage levels provide stronger incentives for organisations to adopt AI tools and improve productivity via automation or augmentation. Likewise, the productivity potential of AI may be more feasible to demonstrate sectors that are already exposed, such as professional services and finance.[61] The

[54] OECD/BCG/INSEAD (2025), The Adoption of Artificial Intelligence in Firms: New Evidence for Policymaking, OECD Publishing, Paris, https://doi.org/10.1787/f9ef33c3-en.
[55] OECD/BCG/INSEAD (2025), The Adoption of Artificial Intelligence in Firms: New Evidence for Policymaking, OECD Publishing, Paris, https://doi.org/10.1787/f9ef33c3-en.
[56] Menkhoff, M. (2025), *Belief Updating and AI Adoption: Experimental Evidence from Firms*
[57] Bounfour, A., Nonnis, A., and Yang, S. (2025), *Assessing the impact of AI skills on firm productivity: a cross-country analysis*
[58] Péter, J., and Zoltán, S. (2025), *Optimal timing of AI adoption from a corporate valuation perspective*
[59] Banh, L., Holldack, F., and Strobel, G. (2025), *Copiloting the future: How generative AI transforms software engineering*
[60] OECD/BCG/INSEAD (2025), The Adoption of Artificial Intelligence in Firms: New Evidence for Policymaking, OECD Publishing, Paris, https://doi.org/10.1787/f9ef33c3-en.
[61] Misch, F., Park, B., Pizzinelli, C. and Sher, G. (2024). Artificial Intelligence and Productivity in Europe. IMF Working Paper WP/25/67.

higher levels of adoption that we see in Nordic Member States and service-based sectors may be partly explained by the greater ease with which leaders and organisations can see the value of AI.

Recent multi-year research projects surveying EU business leaders shows this correlation between perceived value and actual use. Leaders from SMEs were much more likely than their counterparts in large businesses to report that generative AI tools do not seem likely to create much value for their business (15% vs 9%) or that they will never create much value (11% vs 1%).[62]



The findings of our stakeholder interviews highlight that the perceived value of AI is highly dependent on the business context. Similarly, early-stage startups with limited capital but high growth potential and ambition may turn to AI to accelerate growth in the absence of human capital. As one business representative in Austria noted:

"[With AI] it's much easier to grow to a specific size with a small team because a lot of skills that you otherwise would have needed to hire people for, you can, enabled by the tools, do at least in the beginning by yourself."
Business representative, Austria

What are the risks?

In parallel to the consideration of the value of AI, the perceived risks of using AI tools and systems will also influence the extent to which leaders and workers perceive AI technologies to be useful.

There is strong evidence that perceived risks are central to delayed or limited adoption among some organisations. As noted earlier in this chapter, a survey of European business leaders supporting Copenhagen Business School research finds risk-related issues to be the most commonly cited barriers to not using more AI, with 26% citing concerns about cybersecurity risks while 24% report concerns about inaccuracy or misinformation.[63] This was a commonly cited risk of AI adoption flagged by the stakeholders engaged with as part of this project, as indicated by the quote below:

[62] Public First (2025) *Public First polling for Google EU- 2025*
[63] Public First (2025) *Public First polling for Google EU- 2025*

"You don't want people to take your business plan and upload it…suddenly all your internal secrets are becoming part of the big…database."
Think tank and workforce representative, Sweden

These concerns mean that businesses and individuals may judge that the potential costs of AI are too high, irrespective of the value that AI could bring to their organisation. In this scenario, the business case for investing in and deploying AI tools may show a positive cost/benefit analysis in typical circumstances, but the costs associated with a risk event may tip the balance.

These risk considerations can materialise across a broad range of sectors. In software development, for example, data privacy and intellectual property risks act as key barriers, with workers reporting uncertainty over what happens to the confidential information they input into AI tools. Similarly, in the insurance industry - despite its heavy reliance on text and data - a risk-averse mindset remains a core driver of delayed engagement, as individuals demand "adequate controls, oversight and mitigation measures" before deploying AI.

In public administration, major ethical challenges frequently inhibit AI use; concerns regarding a lack of transparency, algorithmic bias, and the difficulty of maintaining accountability in public service delivery have even led to the discontinuation of certain AI programmes. Across all these cases, whether the concerns relate to data privacy, inaccuracy, or biased decision-making, the potential for financial and reputational damage is clear. The severity of these perceived risks can be sufficient to delay or generate outright opposition to AI use, even where there are clear, value-adding use cases.

Across these cases, there are clear concerns about the implications and possible unintended consequences of AI use related to data privacy, inaccuracy or biased decision-making. At both an individual and organisational level these risks have the potential to negatively impact commercial performance and reputation. This can be enough to delay or generate opposition to AI use, even where use cases could clearly add value.

In practice, it is necessary to contextualise these concerns, as the level of risk varies significantly depending on the specific application. While public discourse often focuses on the threats posed by high-stakes frontier AI, the day-to-day applications for most businesses mostly present a different risk profile. The EU AI Act reflects this through its tiered approach. Many common corporate AI applications - such as document summarisation or routine data analysis - are currently classified within the 'minimal' or 'limited' risk categories. For these specific use cases, the corresponding regulatory obligations are lighter.[64] This suggests that while significant risks certainly exist, they are much less acute for the average firm deploying standard, off-the-shelf tools.

However, all organistions need the necessary capability and agency to understand the risks involved and to, for example, maintain robust data hygiene and ensure appropriate human oversight.

[64] European Commission (Outlook Report/2025), *Strategic insights into the EU's advanced manufacturing industry / European approach to artificial intelligence*

What are the rules?

Beyond the perceived financial and reputational risks associated with AI use, individuals across an organisation must also consider what is permissible within the legal and regulatory framework and the extent to which this shifts the balance of costs and benefits.

Recent survey data positions these regulatory considerations as a key barrier to organisations making greater use of AI, alongside other risk-based and practical barriers. Within this survey, 22% cited concerns about legal requirements and liabilities of using AI, while 17% were worried about current or future regulation of AI.[65]

This was also a frequent theme for discussion with stakeholders, with experts across different Member States and from different backgrounds raising the challenges associated with EU regulatory frameworks for AI. As well as grappling with the regulations themselves, there are also barriers that stem from a lack of understanding and a perceived lack of clarity:

"A lot of smaller companies don't really have the funds... to outsource legal help to help them figure out the processes and see if they are doing everything according to the regulation."
Business representative, Croatia

"Many of these players are playing very conservative strategies... they could actually... employ the data in a way that would still be... compliant, but they don't do just because they don't want to risk this"
Academic, Italy

For some organisations, actual or perceived barriers presented by regulatory frameworks may block AI use entirely. This may be more likely for organisations with limited resources and access to external support and networks, such as SMEs. This complexity is often compounded by overlapping (real or perceived) regulations across EU, national, regional, and even sector-specific regulations such as combining the AI Act, GDPR, and medical or financial compliance rules.

Navigating these interacting regulatory frameworks introduces actual costs too. Evidence indicates that overlapping compliance requirements - such as the interplay between the AI Act, the GDPR, and sector-specific regulations - generate administrative complexity that increases implementation expenses. These costs are particularly pronounced for advanced AI applications that necessitate inter-organisational data sharing, cross-border data processing, or the secondary use of existing datasets for model training. Under such conditions, businesses typically incur substantial legal costs to formulate multi-party agreements, resolve data standardisation issues, and clarify ambiguities surrounding user consent.[66] For SMEs in particular, the capital required to secure external compliance expertise across multiple jurisdictions can render advanced AI projects financially unviable.[67]

Even for organisations that do start to adopt, regulatory uncertainty can severely restrict the depth of their AI adoption. The observations from stakeholders indicate that self-regulation, driven by uncertainty and perceived lack of clarity regarding regulation, inhibit engagement with AI.

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[65] Public First (2025) *Public First polling for Google EU- 2025*
[66] Cennamo (SDA Bocconi / Platform Economy Monitor/2026), *Data Regulation and AI Deployment*
[67] Laurer, Renda, and Yeung (Centre for European Policy Studies/2021), *Clarifying the costs for the EU's AI Act*

'We do have regional level regulation on AI, we have national level regulation on AI and even some local… and that's probably unnecessary. It just injects uncertainty and it injects complexity.'
Think Tank, Spain

Other studies demonstrate similar findings. OECD research, for instance, highlights that limitations in an organisation's knowledge of privacy regulations can lead to an overprotection of data and hinder the development of AI applications.[68] Similarly, academic analysis of the European platform economy finds that "while the EU framework is comprehensive and principled, its interaction across legal domains and sectors generates frictions that constrain access to data, increase compliance costs, and introduce uncertainty for organisations seeking to develop and deploy AI at scale."[69] This assessment is based on three core challenges:

- Legal uncertainty around secondary data use.
- Limited interoperability and data standardisation hindering the development of large, representative datasets.
- Governance, incentives and legal uncertainty discouraging data sharing.[70]

Through this research and other studies, it is clear that these challenges can be particularly acute for businesses in certain, regulated sectors (e.g., health or financial services) where they may need to comply with both overarching requirements on data and AI use and requirements for specific occupations within individual countries.[71]

Implementing AI tools and systems without adequate consideration of these factors could cause serious harm. However, the perception, and often the reality, of navigating the regulation can put firms off.

"The front runners… say they are surprised how much legal stuff there is using in using these kind of technologies."

Business Representative, Denmark

This impacts B2B startups and SMEs who may find sales and partnerships stopped by larger corporate clients due to a lack of clarity about what is compliant. Overall, this uncertainty can lead to firms observing trends in their sectors, and 'waiting and seeing' whether to adopt rather than proactively assessing the case for adoption.

To prevent hampering innovation with a heavy regulatory burden, the EU AI Act features a sandbox mechanism. This is designed to allow developers-especially startups and smaller enterprises-to create and test AI systems in a lighter regulatory environment while remaining safely supervised by authorities.

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[68] OECD/BCG/INSEAD (2025), The Adoption of Artificial Intelligence in Firms: New Evidence for Policymaking, OECD Publishing, Paris, https://doi.org/10.1787/f9ef33c3-en.
[69] Pisani, R., and Cennamo, C. (2026), *Data regulation and policy implications of AI adoption*
[70] Pisani, R., and Cennamo, C. (2026), *Data regulation and policy implications of AI adoption*
[71] Misch, F., Park, B., Pizzinelli, C. and Sher, G. (2024). *Artificial Intelligence and Productivity in Europe*. IMF Working Paper WP/25/67.

Can I trust AI?

Trust in AI tools, perceptions of employers' intentions and how change is managed underpins the acceptance of the technology. People who trust AI systems are more likely to use them frequently.[72] Stakeholder interviews indicate that this trust is most effectively built through bottom-up engagement rather than entirely top-down mandates. When workers are given psychological safety and permission to experiment and identify discrete tasks that can be improved using AI, they build confidence in the technology.

'By all means, shadow adoption... I think it's pretty high at the moment... just because it's useful and you just open and start using it.'"
Think Tank Representative, Spain

Unlike business leaders, workers are less likely to be motivated by the potential for increased business productivity, and will instead require a more direct, personal view of the value of AI. This may include the prospect of using AI tools to streamline tasks that are perceived to be repetitive or "boring", supporting workers to focus on more productive or creative tasks that they perceive to be of higher value.

However, as with business leaders, this worker-level perception in the value of AI is far from universal. Instead, there is strong evidence of a lack of trust in AI across parts of the EU workforce. At its most significant, this can extend to an existential concern about the impact of AI on the future of work. For instance, a Eurobarometer survey from early 2024 found that 66% of Europeans believe that more jobs will disappear than be created due to the use of robots and AI, and that both of these technologies "steal peoples' jobs".[73]

Individuals may also be concerned that AI will threaten their sense of self or fulfilment at work, with AI tools being perceived to reduce an individual's contribution or autonomy, or de-skill employees if they begin to over-rely on these technologies.

"People actively say that they want to opt out of this because they don't want their work to become obsolete... They want to see that humans are at the centre of this process and that it's not technology taking over."
Workforce and training representative, Belgium

"I also hear from clients that there is massive resistance in the workforce...that this will most likely make them lose their work."
Business representative, Latvia

If a worker has concerns about the impact of AI on their livelihood, they will be very reluctant to adopt it. Even when workers can see the relevance of AI to their daily tasks, practical and ethical concerns regarding implementation can quickly erode their trust. For example, concerns over the quality and reliability of outputs are widespread; KPMG's global research indicates that while 66% of individuals use AI regularly, only 46% actually trust these systems, and 56% report making mistakes in their

[72] Gillespie, N., Lockey, S., Ward, T., Macdade, A., & Hassed, G. (2025). Trust, attitudes and use of artificial intelligence: A global study 2025. The University of Melbourne and KPMG. DOI 10.26188/28822919
[73] European Commission (2024), *Artificial intelligence and the future of work: Eurobarometer report*

work due to AI outputs.[74] Workers also fear that AI will be used for surveillance and 'algorithmic management' by employers, which is perceived as reducing worker autonomy and job satisfaction. Additionally, there are apprehensions about the social costs of AI, which may reduce human collaboration between colleagues, and concerns that the productivity potential of AI will simply increase work intensity, leading to longer or harder working hours without commensurate personal benefits.

This lack of trust in AI reliability extends to leadership as well; a study on the use of AI for new product development among Irish SMEs found that only 10% of managers were willing to trust AI for decision-making, creating a significant obstacle to fulsome deployment.[75]

AI technology, the narratives surrounding it, and workers' perceptions will change over time, especially in instances where they can start to experiment with the technology at work. However, without greater trust, the adoption journey will be significantly slower.

"AI take up can only happen... If you create trust in the technology, if there is no trust, there is no take up."
Workforce representative, Belgium

Do I have the capability to use AI?

Having determined the relevance and value of AI, individuals within businesses must still ask practical questions about how ready they are to use AI: do they possess the technical expertise to deploy AI tools, the complementary soft skills to interpret their outputs, and the change management capacity to redesign workflows?

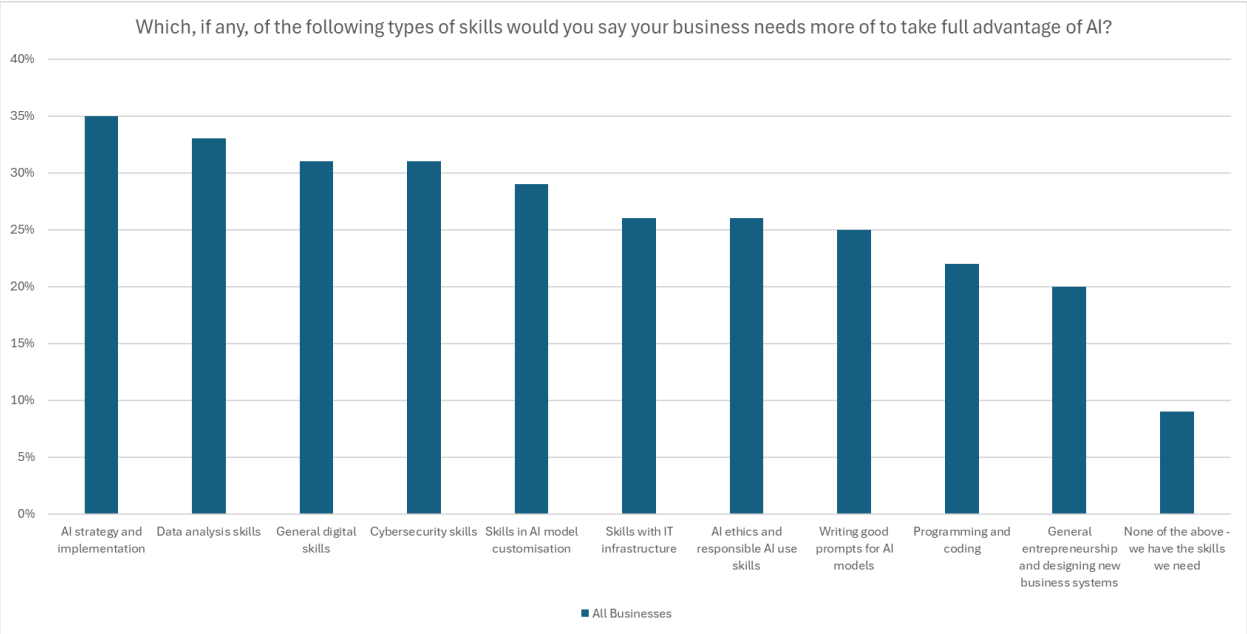
One of the most frequently cited barriers to AI adoption in this respect is a skill gap across EU businesses, though assessments of the relative importance of this gap vary. A survey of European business leaders supporting Copenhagen Business School research finds that 14% do not have the expertise to introduce AI and 12% do not have the skills to make use of AI.[76] Other surveys identify a skills gap as a far more significant obstacle; for instance, an OECD survey in four G7 countries finds that 50% of SMEs report that their employees lack the skills to use generative AI.[77] Across both small and large businesses, this skill gap may, at least in part, reflect gaps in the extent to which workers have received clear guidance and training.[78]

The nature of those skills gaps and the skills required to successfully adopt AI can vary significantly and extend beyond skills related directly to AI. The survey that underpins Copenhagen Business School research finds a broad range of perceived skill needs to take advantage of AI:

- **Change management skills**: AI strategy and implementation (cited by 35%); entrepreneurship and designing new business systems (20%).

[74] Gillespie, N., Lockey, S., Ward, T., Macdade, A., & Hassed, G. (2025). Trust, attitudes and use of artificial intelligence: A global study 2025. The University of Melbourne and KPMG. DOI 10.26188/28822919
[75] Cooper, R. (2025), *SMEs' use of AI for new product development: Adoption rates by application and readiness-to-adopt.*
[76] Public First (2025) *Public First polling for Google EU- 2025*
[77] OECD (2025). *AI adoption by small and medium-sized enterprises.*
[78] Benson, S. (2025), *AI-First from the Employee Perspective: Evidence-Based Guide to Adoption*

- **AI-adjacent technical skills:** Data analysis (cited by 33%); cybersecurity (31%); IT infrastructure (26%); programming and coding (22%).
- **Digital and AI literacy**: General digital skills (cited by 31%); AI ethical and responsible AI use skills (26%); writing good prompts for AI models (25%).
- **Technical AI skills:** AI model customisation skills (cited by 29%).[79]



Experts interviewed for this study further highlighted the scale of transformation and cultural change required for AI adoption. For leaders, embedding AI across their organisation requires a willingness to overhaul established structures, hierarchies, and mindsets. Rather than deep technical programming skills, this demands a strategic form of AI literacy: leaders must possess the domain-specific insight required to outline a clear direction of travel, coupled with the change management capabilities to adapt internal structures and bring the rest of the business on board.

"The change is usually not... about technology, it's about people... it's a mindset and behaviour and motivation."
Workforce representative, Estonia

"Big corporations...are opening up AI departments, but they can't find...people who will lead these departments."
Business representative, Croatia

Because AI interfaces-such as large language models-are intuitive for those with existing digital skills, workers need a foundational understanding of how AI systems work and how to interact with them safely. They also require complementary 'soft skills' to support the critical interpretation and use of AI outputs.

[79] Public First (2025) *Public First polling for Google EU- 2025*

"I don't believe that you need a lot of training for people to use these tools, not even the most advanced versions."
Think tank representative, Spain

"We can expand that narrow focus on technical AI skills also to more of the…complementary skills…interpersonal skills, self management skills, leadership, critical thinking."
Think tank representative, Belgium.

This reflects a growing consensus that AI value creation depends fundamentally on organisational capacity and readiness, particularly among SMEs.[80] Research conducted by Copenhagen Business School, drawing on case studies of AI adoption, finds that "AI value creation depends on organisational capacity".[81]

The key to successful adoption lies in the capacity of both leaders and workers to think critically about how AI can solve business problems and to redesign processes accordingly. Research conducted by the Copenhagen Business School identifies four interrelated factors that drive this readiness: organisations must display a proactive strategic intent from leadership to leverage AI in core processes, combined with an experimental learning mindset that allows for prototyping and pivoting. They must also build organisational AI literacy by upskilling staff at all levels to evaluate AI outputs critically and enforce operational discipline through robust governance mechanisms that ensure AI is deployed safely, ethically, and efficiently within redesigned workflows.[82]

Individual capabilities and broader organisational capacity are linked; an organisation cannot successfully integrate AI unless it builds structural processes that empower its individuals to adapt.

"You see every firm saying we have to do something with AI, but that's not the same as…I see this thing and I see how it can help our production of goods or services."
Academic, Netherlands

"The challenge is making sure there are processes in place so that people are actually able to adapt their own workflows in order to be more efficient."
Business representative, Austria

[80] Apostoaie, C., Roman, T., Maxim, A., and Jijie, D (2025), *Determinants of AI adoption intention in SMEs. Romanian Case Study*
[81] Nielsen, H., Cinquegrana, F., Constantiou, I. and Cennamo, C. (2026), *AI Impact in European Organizations: From Adoption to Sustained Value*
[82] Nielsen, H., Cinquegrana, F., Constantiou, I. and Cennamo, C. (2026), *AI Impact in European Organizations: From Adoption to Sustained Value*

Building an environment for adoption

Top-down, bottom-up

Based on the findings of a rapid evidence review, a programme of expert stakeholder interviews, we have suggested that the core barriers to AI adoption among EU businesses lie more in how individuals across organisations perceive AI than technical barriers related to the technology itself.

These factors map onto the **framework of six core questions** we have explored in the previous section. Individuals may not consider the questions sequentially but will need a positive answer to each to make the decision to use AI as a regular part of their work. A negative answer to any question may cause the individual to actively decide not to use AI or passively fail to adopt.

If only 17% of small enterprises have used AI in the last year, a large portion of the European economy is not at the stage of wanting to apply AI or asking how to do so. Once they are, individuals across businesses recognise that there are several questions about the necessary skills and capabilities for using AI.

Perceived usefulness: Questions before individuals meaningfully engage with AI	**1. Is AI relevant to me?** **2. What is the value?** **3. What are the risks?** **4. What are the rules?**
Perceived ease of use: Questions once there is a potential use case	**5. Can I trust AI?** **6. Do I have the capability to use AI?**

Supporting individuals across the EU business community - whether they are leaders or workers - to engage with these questions will enable them to identify business problems and potential innovations based on the capability of AI. Much of the literature and analysis on AI adoption questions focuses on skills and capabilities; while these are key, if policymakers, businesses and technology providers are to drive adoption at pace, we must consider the "perceived usefulness" questions.

The evidence indicates that this must be both a top-down and bottom-up exercise:

- **From a top-down perspective, leaders must have themselves and provide employees with strategic clarity for their business's approach to AI.** To successfully adopt AI across their business, leaders must have a clear vision about the objectives they want to realise and how AI tools can achieve this. Strategies driven by a desire to adopt AI alone, rather than being driven by a specific organisational objective or problem, are not likely to provide sufficient demand across the business for AI tools.

- **From a bottom-up perspective, workers must engage to find where AI helps their specific roles. Augmentation, and the productivity and innovation potential that can flow from it, starts at a task level.** Workers therefore need license to experiment and feed into company-

wide AI initiatives such that they are part of the journey and can identify the augmentative potential of AI.

"Leadership is important… It really starts with some vision of either the CEO or the Chief Information Officer… [and it's] more likely to be successful if the company has appointed a specific AI lead in the company."
Think tank representative, Belgium

"[if] my team comes across a different tool that is better… I'm just losing… actual adoption because people… won't use a tool that they don't love unless they are very much forced to."
Think tank representative, Spain

In this context, we have identified three guiding principles for policy makers, organisation leaders and technology providers to consider to build a supportive environment for AI adoption across the EU business community:

1. Guiding organisations within priority sectors to identify workflow and task-specific relevance of AI for their work to build the case for AI's utility and value.

2. Supporting the development of organisational capacity and readiness, especially among SMEs, to drive experimentation and implementation.

3. Building AI literacy at all levels to ensure that organisations have an effective skill mix to capitalise on AI opportunities.

Principle 1: Guide sectors to identify task-specific relevance to build the case for AI's utility and value

Because widespread, value-creating adoption naturally follows when an organisation starts with a core business problem, or potential innovation, a sector-specific approach to supporting AI adoption is key. As highlighted earlier, AI use is heavily concentrated in professional sectors while manually intensive industries lag significantly behind. The EU's AI adoption "gap" is therefore partly a sectoral one.[83] The EU's AI adoption "gap" is therefore partly a sectoral one. Stakeholders interviewed also reflected on the importance of sector specific considerations, recognising that there is no one-size-fits-all approach to what AI tools can offer and what may be inhibiting a business from using them.

"The barriers and the challenges and the opportunities of AI… are very… sector specific… tasks don't originate in occupations. Tasks originate in sectors, in value chains, in processes…"
Think tank representative, Belgium

The potential economic value of AI is also based on sector. Modelling of the economic opportunities of generative AI suggests that 75% of this economic potential derives from five sectors: the public

[83] Eurostat (2025), *Use of artificial intelligence in enterprises*. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Use_of_artificial_intelligence_in_enterprises

sector; business services; IT and financial services; wholesale and retail trade; and manufacturing.[84] Although some of these sectors (IT and financial services; business services) are increasingly using AI tools, adoption is not even across all five.

The EU's current approach to supporting adoption recognises this need for sector specificity and prioritises sectors in which AI could be transformative, having identified 10 "sectoral flagships":

- Healthcare, including pharmaceuticals
- Robotics
- Manufacturing, engineering and construction
- Defence, security and space
- Mobility, transport and automotive
- Electronic communications
- Energy
- Climate and environment
- Agri-food
- Cultural and creative sectors, and media[85]

These are domains in which the EU has existing strengths and where AI could accelerate innovation and increase the EU's comparative advantage. This potential is not guaranteed; reaping those benefits will require a concerted effort by policymakers, technology providers and the sectors themselves to improve business leaders' and workers' perspectives of the perceived usefulness and perceived ease of use of AI tools.

A key first step is for business leaders and workers to identify task- and sector-specific use cases for AI tools where they can see obvious value. This is the foundation for AI adoption at a general level, but also creates the potential for businesses to move towards a vertical integration of AI within their workflows and business models, leveraging AI to address sector- and firm-specific operational challenges.[86] At present, these sector-specific use cases and drivers of value, efficiency and innovation, are not always clear.

For the wider economy, AI adoption can deliver the greatest macroeconomic benefit when targeted at areas capable of generating positive spillovers across the sectors, thereby supporting economic diversification and net job creation. To navigate this structural transformation effectively, successful integration requires robust collaboration between employers and the workforce. This engagement is critical to managing the transition, sustaining overall job quality, and providing adequate reskilling support for roles disrupted by automation.[87]

To bridge the adoption gap, there is a need for a more foundational dialogue between technology providers, industry sectors, government bodies and academia on how AI can support innovation and growth within priority sectors. There are (or will be) structures and frameworks within which to pursue this under the Apply AI strategy, such as the EU Commission's intention to turn the existing

[84] Implement Consulting Group (2024). *The economic opportunity of AI in the EU*
[85] European Commission (2025). *Apply AI strategy*
[86] Ruokonen, M. (2025), *Applying AI in Key European Industries: Strengthening competitiveness and innovation in Europe*
[87] UNDP (United Nations Development Programme. (2025*). Human Development Report 2025: A matter of choice: People and possibilities in the age of AI.* New York.

AI Alliance into a coordination forum for Apply AI Stakeholders.[88] The network of European Digital Innovation Hubs (EDIHs) can also provide a region specific approach to this, and we note that there are initiatives across the EDIHs that are tailored towards supporting businesses to identify relevant use cases for AI. For instance, in Wallonia in Belgium, EDIHs offer specific services to help local businesses to identify value in using AI and to support their adoption of AI tools.[89]

However, there is room for more dialogue and collaboration at a sector level, with time and resources dedicated to understanding and developing the specific value proposition of AI that can be shared with businesses within those sectors.

"I think the right way is for policymakers to design AI programmes that show the value of AI from a productive perspective to organisations."
Think tank representative, Portugal

This collaboration between technology providers, industry, government and academia could therefore consider the following broad approaches or expand them where already delivered by some EDIHs:

- Identify sector-specific use cases of AI (and specific AI tools) to be disseminated across the sector.
- Understand global competitive dynamics within sectors to identify where AI may disrupt sectors or shift the competitive landscape.
- Demonstrate the value of AI through relevant and visible case studies.
- Build the conditions for firms to move from piloting to adopting AI through implementation sandboxes.

Ensuring regulatory clarity is a core component of driving a positive assessment of the balance between risk and reward and giving business leaders and workers confidence about the boundaries of safe AI use. Regulatory clarity to support AI adoption was a repeated theme among stakeholders, with clear rules of engagement providing a way to reduce the perceived risk of using AI tools. This does not mean relaxing or reducing rules but rather providing greater certainty about what is and is not permitted.

"The first very big topic is that [the regulation] is not very well communicated. Like there's a lot of insecurity within the or seen that it's like not very clear what is now really expected of me and how can I be compliant. There's quite an insecurity factor."
Business representative, Austria

"[EU policy should] seek and reconsider those regulations that businesses and workers tell you that make adoption harder... adapt this regulation to this goal without losing so much on this other front."
Think tank representative, Spain

EU policy is moving in this direction. The Apply AI strategy, for instance, has committed to further guidelines on the practical application of the AI Act and its interactions with other EU law, including

[88] European Commission (2025). *Apply AI strategy*
[89] OECD (2025). *Progress in Implementing the European Union Coordinated Plan on Artificial Intelligence*

relevant sectoral legislation. However, regulatory engagement must be paired with an equal focus on identifying value; clarifying the rules of engagement only drives adoption if businesses simultaneously understand the commercial and operational value of deploying the technology within those legal boundaries.

Principle 2: Supporting the development of organisational capacity and readiness

Beyond supporting business leaders and workers to identify value and utility in AI tools, the available evidence indicates that there remains a significant implementation challenge for businesses. While many firms can access AI tools, they frequently lack the essential digital inputs-particularly structured, high-quality data-and the broader organisational capacity to integrate them into workflows, adapt roles, and manage change. Research from SDA Bocconi highlights the importance of this, positioning AI implementation as an "organisational design challenge" rather than a technological one.[90] This reflects their finding that changes in how organisations function are key to creating value from AI, with implementation beyond automation requiring changes to roles and workflows and that AI projects that fail to take account of this underperform relative to others. Other studies similarly find that gains from AI transformation are most likely when complemented by additional investments in research and development, workforce training and organisational change.[91]

"There must be a shift… from a focus on AI adoption policy to organisational readiness policies."
Academic, Italy

Ultimately, unlocking true productivity gains relies on intelligence augmentation-maximising the complementarity between human expertise and AI. This human-centric approach ensures that AI is used to empower employees and enhance their output while preserving their professional autonomy, rather than as a mechanism for top-down algorithmic control.[92]

At a leadership level, research shows that a clear organisational AI strategy has strong links to frequent AI use within the organisation.[93] Developing an AI strategy may not be straightforward though, particularly for leaders of SMEs who may lack the time and capability to engage meaningfully with the AI landscape. This is reflected in leaders' views of the skills "gaps" they face within their organisation to make more use of AI, with the most commonly cited skill requirement being "AI strategy and implementation".

"The ability to integrate AI in everyday tasks. That's even a more important skill or competence than the technological understanding"
Business representative, Denmark

In the absence of strong change management plans at an organisational level, there is a risk that organisations across the EU remain in a cycle of pursuing pilots that fail to scale and do not realise the potential of AI. Research conducted by the OECD finds that a lack of quality data within the

[90] Abbatemarco, N., Salviotti, G., and Cennamo, C. (2026), *AI Transformation Logics 2026*
[91] Bounfour, A., Nonnis, A., and Yang, S. (2025), *Assessing the impact of AI skills on firm productivity: a cross-country analysis*
[92] UNDP (United Nations Development Programme). 2025. Human Development Report 2025: A matter of choice: People and possibilities in the age of AI. New York.
[93] Makridis, C. (2025) *Organizational Transmission of AI: Managerial Influence on Generative AI Adoption*

business and the difficulty of refining or creating new business models can inhibit a firm's ability to adopt AI, particularly among SMEs.[94] As such, in addition to the existing policy focus on supporting businesses to access AI tools, there is significant value in enhancing the policy focus on building capacity and capability to integrate those tools.

This focus on organisational capacity and readiness links strongly to our first principle. If pursued as part of a broader dialogue with industry, organisations within sectors could learn from one another to unblock AI implementation challenges. As with the first principle, the network of EDIHs provides a structure for a more extensive support offer to prepare business leaders and the workforce for managing the transition to an AI-enabled workplace and capturing its value.

The Copenhagen Business School's research, which recommends a policy focus on building organisational capacity and governance rather than focussing solely on AI adoption metrics, provides three areas of potential focus for this capacity building:

1. Linking AI to "value-critical" processes through which workflows are redesigned with clear ownership with respect to data, decisions and outcomes.
2. Developing processes to convert pilot experiments into routine use to support the scaling of AI solutions.
3. Building oversight mechanisms across the organisation to enable trust.[95]

These strategic leadership factors are critical to whether an organisation can implement AI use successfully, moving beyond short term pilots or "shadow adoption" among the workforce to progress towards systematic and meaningful AI use at scale.

[94] OECD (2025). *AI adoption by small and medium-sized enterprises*.
[95] Nielsen, H., Cinquegrana, F., Constantiou, I. and Cennamo, C. (2026), *AI Impact in European Organizations: From Adoption to Sustained Value*

Principle 3: Building AI literacy

AI literacy across the EU workforce is key to widespread adoption and the realisation of AI's economic potential. To deliver economic growth via augmentation, not automation, individuals across the workforce must know how to get the best out of AI tools and use them appropriately and effectively.

"You can't really have this proper AI transformation without literacy. It just won't happen."
Business representative, Croatia

"First of all it is about AI literacy. I think many people don't understand how AI can be used for business purpose."
Think tank representative, Portugal

"the best way [to adopt AI] for your company doesn't mean to become a PhD in machine learning, but actually to have a mindset of being open to constantly try out something new."
Business representative, Austria

Stakeholders positioned this AI literacy as the ability to understand, evaluate and make decisions about AI outputs, rather than specific technical skills; workers are much more likely to use AI tools on a day-to-day basis that build them. Individual capabilities include understanding, at a high level, where their data is going, the potential risks and the ethical considerations of AI use and the ability to judge relevance, assess the reliability of outputs and know when to use AI and when not to.

Global research suggests that there is a causal pathway in which AI literacy and knowledge (not necessarily extending to technical skills), leads to trust in AI, which in turn underpins acceptance and adoption.[96] This enables both leaders and workers to respond positively to the key questions we have identified in this research - namely whether AI tools are useful and whether they are easy to use. Yet the available evidence suggests that this literacy is by no means universal. As noted earlier in this report, a skills gap is frequently cited as one of the leading factors that hold back AI adoption across EU businesses, and stakeholders engaged with through this project noted that often the workforce is seeking additional insight and guidance from business leadership that is not forthcoming.

Literacy needs are therefore widespread and extensive. For business leaders, there is a need to identify and understand use cases, develop business cases to implement AI tools, navigate regulatory and ethical considerations and manage change across an organisation, including with respect to communicating with staff and clients. Despite the range of leadership roles associated with AI transformation, there are also key roles for managers and teams within a business. An organisation's workforce will need to assess where AI fits into day-to-day tasks and workflows, guiding leadership on the pain points within an organisation that are inhibiting innovation and efficiency, and will need the confidence to experiment with AI and the skills to evaluate its outputs.

To overcome this, AI literacy must be treated as a foundational requirement across the entire organisation, not just a skillset reserved for IT departments or technical teams. By equipping both leaders and workers with the knowledge to evaluate AI tools critically and safely, businesses can

[96] Gillespie, N., Lockey, S., Ward, T., Macdade, A., & Hassed, G. (2025). Trust, attitudes and use of artificial intelligence: A global study 2025. The University of Melbourne and KPMG. DOI 10.26188/28822919

foster the psychological safety needed to experiment, closing the gap between strategic intent and on-the-ground adoption.

Policymakers, professional and sector bodies and technology providers can support the development of this AI literacy across the EU economy and give individuals the basic skills, knowledge and confidence to engage with AI tools. This includes through means such as:

- Defining responsible AI standards.
- Setting expectations for AI use within specific professions and priority sectors.
- Providing hands-on demonstrations of, and training for, AI tools.

Areas for Future Research

While the current evidence base is expanding, gaps remain in the understanding of how AI is reshaping the European economy. Further research and policy work could consider:

Deepening the taxonomy of adoption (Tools and Use Cases): Currently, adoption statistics frequently rely on broad surveys that may not fully capture the depth of technological integration. Future research could expand upon generic usage rates by developing qualitative taxonomies of adoption supported by case studies. This approach involves tracking the deployment of specific AI modalities (e.g., generative text, machine learning, autonomous systems) within distinct business functions (e.g., marketing, R&D, supply chain) to better understand the mechanisms of value creation.

Investigating the drivers of "non-adoption" and AI literacy: To inform the design of support ecosystems, research could examine the underlying factors contributing to non-adoption. This includes assessing the specific capabilities businesses and individuals require to make informed choices, distinguishing between the need for advanced technical skills and the broader requirement for foundational "AI literacy".

Evaluating the impact of regulatory frameworks: Further empirical research is required to determine how the European regulatory landscape affects AI adoption and scaling. Future studies could examine the compliance costs and operational frictions associated with the interplay of the AI Act, the GDPR, and sector-specific legislation. Additionally, analysis of how regulatory fragmentation and evolving liability frameworks influence the competitiveness of European SMEs relative to larger firms would prove valuable.

Longitudinal tracking of workforce sentiment and trust: As AI integration proceeds, cross-sectional surveys of employee attitudes may not capture evolving dynamics. Research could longitudinally track workforce sentiment to analyse the "trust gap" between AI usage and worker confidence. This involves qualitative investigation into the drivers of psychological safety and the factors that influence employees' decisions to integrate or resist new tools.

Quantifying business performance and ROI: As the difficulty of estimating return on investment (ROI) acts as a barrier to adoption, additional empirical evidence linking AI adoption to business performance would be beneficial. Such research could target SMEs, providing data on how various AI applications influence operational efficiency, revenue growth, and market competitiveness.

Conclusions

The economic potential of generative AI for the European Union is substantial, with modelling indicating that widespread adoption could boost EU GDP by €1.2 to €1.4 trillion over the next decade. However, this potential is not guaranteed. Our analysis demonstrates that realising these gains is contingent upon timely, broad-based adoption across sectors and business types, but that the current landscape is one of uneven uptake.

Our findings show a fundamental unevenness in AI adoption. While nearly 20% of EU businesses with 10 or more employees used AI technology in 2025, this aggregate figure masks significant variation. AI use is concentrated in highly digitised sectors - 62% of information and communication businesses use AI tools, compared to just 17% of manufacturers and around 11% of construction firms. Large businesses are far more likely to adopt AI than SMEs, with this gap widening from 30 percentage points in 2024 to 38 percentage points in 2025. Regional disparities are equally pronounced, with Nordic Member States reaching adoption rates of 35-42% while parts of Eastern and Southern Europe trail at 5-9%. These gaps carry profound implications for the aggregate economic impact of AI and risk exacerbating existing digital and economic divides within and between Member States.

Bridging these adoption gaps requires attention to human-centric dynamics rather than technological factors alone. Relevance and value are found when AI is treated as a powerful input and, more importantly, a potential solution to core business problems, rather than a technological goal in itself. Widespread adoption and true innovation naturally follow when an organisation starts with a core business problem and empowers its workforce to solve it. We have framed AI adoption as dependent on two cognitive factors at the individual level: perceived usefulness and perceived ease of use. For both business leaders and workers, a positive assessment of AI against these dimensions is a prerequisite for adoption, and such an assessment is far from universal.

Our analysis identifies six core questions that individuals must navigate before making the decision to adopt AI:

1. **Is AI relevant to me?** Many businesses, particularly in traditionally non-digital sectors, struggle to identify concrete, value-generating applications of AI for their specific context.
2. **What is the value of AI?** Business leaders face genuine challenges in estimating return on investment, while workers may not see a direct personal benefit from AI tools.
3. **What are the risks?** Concerns regarding cybersecurity and data privacy, coupled with leaders lacking the internal capability or knowledge of how to effectively manage these vulnerabilities, can easily tip the balance against adoption.
4. **What are the rules?** Uncertainty about what is permissible can affect a business's risk tolerance and set the framework for what types of AI adoption are considered feasible or not.
5. **Can I trust AI?** Workforce hesitancy driven by fears of job displacement, concerns about output quality, or resistance to perceived surveillance can inhibit adoption even where leadership is supportive.
6. **Do I have the capability to use AI?** Skills gaps, extending beyond technical AI capabilities to encompass change management, AI literacy and complementary soft skills, can prevent effective implementation even where there is intent.

Successful AI adoption requires affirmative answers across the full spectrum of these questions, and a negative response at any stage may cause an individual to exit the AI adoption process. This framing points towards the need for a more human-centric approach to AI adoption policy that addresses on-the-ground barriers across the EU business community.

Based on these findings, we have outlined three guiding principles for policymakers, business leaders and technology providers seeking to build an environment that supports AI adoption.

First, **demonstrate sector-specific relevance and value**. Driving deep adoption in priority sectors requires targeted engagement to identify task-level use cases, demonstrate value through visible case studies, and provide regulatory clarity that reduces perceived risk.

Second, target **organisational capacity and readiness**. Industrial strategy must support firms (and SMEs in particular) to develop the change management capabilities, process redesign skills, and implementation strategies needed to move beyond pilots to full-scale deployment.

Third, establish **AI literacy**. AI policy must equip the workforce with the fundamental capability to critically evaluate AI tools and assess outputs. Simultaneously, it must build strategic literacy among leaders-giving them the capacity to identify concrete use cases, navigate ethical implications, and effectively guide the organisational change required to bring their staff along.

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Annex B - Interviewee breakdown

Stakeholder Category	Number of Interviewees
Academics	2
Business representatives	4
Policy experts and think tank representatives	6
Workforce representatives	3

EU Member State	Number of Interviewees
Austria	1
Belgium	3
Croatia	1
Denmark	1
Estonia	1
France	1
Italy	1
Latvia	1
Netherlands	1
Poland	1
Portugal	1
Spain	1
Sweden	1

Our standards and accreditations

Ipsos' standards and accreditations provide our clients with the peace of mind that they can always depend on us to deliver reliable, sustainable findings. Our focus on quality and continuous improvement means we have embedded a "right first time" approach throughout our organisation.

ISO 20252

This is the international specific standard for market, opinion and social research, including insights and data analytics. Ipsos UK was the first company in the world to gain this accreditation.

Market Research Society (MRS) Company Partnership

By being an MRS Company Partner, Ipsos UK endorse and support the core MRS brand values of professionalism, research excellence and business effectiveness, and commit to comply with the MRS Code of Conduct throughout the organisation & we were the first company to sign our organisation up to the requirements & self-regulation of the MRS Code; more than 350 companies have followed our lead.

ISO 9001

International general company standard with a focus on continual improvement through quality management systems. In 1994 we became one of the early adopters of the ISO 9001 business standard.

ISO 27001

International standard for information security designed to ensure the selection of adequate and proportionate security controls. Ipsos UK was the first research company in the UK to be awarded this in August 2008.

The UK General Data Protection Regulation (UK GDPR) and the UK Data Protection Act 2018 (DPA)

Ipsos UK is required to comply with the UK General Data Protection Regulation (GDPR) and the UK Data Protection Act (DPA). These cover the processing of personal data and the protection of privacy.

HMG Cyber Essentials

Cyber Essentials defines a set of controls which, when properly implemented, provide organisations with basic protection from the most prevalent forms of threat coming from the internet. This is a government-backed, key deliverable of the UK's National Cyber Security Programme. Ipsos UK was assessed and validated for certification in 2016.

Fair Data

Ipsos UK is signed up as a "Fair Data" company by agreeing to adhere to twelve core principles. The principles support and complement other standards such as ISOs, and the requirements of data protection legislation.

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