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Managing Digital Transformation in Post-Brexit Britain's SME Sector

Edrin Scott

University of Sussex

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Abstract

This study examined challenges facing UK small and medium-sized enterprises (SMEs) in managing digital transformation within the post-Brexit economic landscape. With 5.5 million SMEs comprising 99.8% of Britain's businesses, their digital adoption is critical for national productivity, yet only 9% had implemented artificial intelligence by 2023 and 43% reported no AI adoption plans. Through systematic desktop review of government reports and peer-reviewed literature (2021-2025), this research identifies barriers extending beyond financial constraints to encompass organizational culture, management capabilities, and skills deficiencies. Applying Technology-Organization-Environment framework and Diffusion of Innovation theory, findings reveal that digital culture, top management support, and internal capabilities exert greater influence than external financial support, with significant sectoral disparities evident. The COVID-19 pandemic and Brexit disruptions exposed fundamental differences between digitally resilient SMEs and those experiencing widening digital divides. The research concludes that effective digital transformation requires comprehensive approaches integrating technological infrastructure with organizational change, workforce development, and strategic alignment. Recommendations emphasize capacity-building initiatives, sector-specific roadmaps, holistic strategies, and coordinated national ecosystems to achieve the government's target of making UK SMEs digitally capable.

Keywords: *Digital transformation, SMEs, post-Brexit, technology adoption, artificial intelligence, organizational culture, innovation management, United Kingdom*

1.1 Introduction

The United Kingdom's small and medium-sized enterprises (SMEs) face an unprecedented convergence of challenges as they navigate digital transformation in the post-Brexit economic landscape. With over 5.5 million SMEs comprising 99.8% of the UK's business population, these enterprises serve as the backbone of the national economy, yet many struggle to adopt productivity-enhancing digital technologies despite their transformative potential (Department for Business and Trade, 2025). The aftermath of Brexit has fundamentally altered the operational environment for UK SMEs, introducing new regulatory complexities, trade barriers, and market uncertainties that compound existing difficulties in digital adoption (Office for National Statistics, 2025). Research indicates that even a modest 1% productivity uplift across the SME sector through enhanced digital capabilities could contribute approximately £94 billion annually to GDP, underscoring the economic imperative of successful digital transformation (Department for Business and Trade, 2025). However, current adoption rates remain low, with 43% of SMEs surveyed in 2024 reporting no plans to implement artificial intelligence technologies, despite growing recognition of their competitive necessity (British Chambers of Commerce, 2024). This digital hesitancy persists even as technological solutions become increasingly accessible and affordable, suggesting that barriers to adoption extend beyond mere cost considerations to encompass organizational culture, management capabilities, and strategic planning deficiencies.

The digital transformation challenge facing UK SMEs is multifaceted, involving technological, organizational, and environmental dimensions that interact in complex ways within the post-Brexit context (Ramdani et al., 2024). While larger enterprises have successfully leveraged digital technologies to enhance operational efficiency and market reach, SMEs continue to lag significantly behind, constrained by limited financial resources, skills shortages, and insufficient management support for technological innovation (Fernandez de Arroyabe et al., 2024). The COVID-19 pandemic accelerated digital adoption across many sectors, yet revealed stark divides between digitally agile firms and those lacking foundational digital capabilities, with many SMEs struggling to implement even basic e-commerce and cloud-based systems (Klein & Todesco, 2021). Contemporary research emphasizes that successful digital transformation requires more than technology acquisition; it demands comprehensive organizational change encompassing workforce development, process redesign, and cultural adaptation toward digital-first business models (Troise et al., 2022). Furthermore, the post-Brexit regulatory environment has created additional compliance burdens and market access challenges that simultaneously increase the need for digital solutions while stretching already limited SME resources (Department for Digital, Culture, Media and Sport, 2022). Understanding how UK SMEs can effectively manage digital transformation amid these converging pressures remains a critical research priority with significant implications for national economic competitiveness, productivity growth, and the government's levelling-up agenda across regional economies.

1.2 Statement of the problem

Despite the recognized importance of digital transformation for competitive survival and growth, UK SMEs face persistent and escalating barriers that inhibit their ability to successfully implement digital technologies in the post-Brexit era. The most significant challenge lies in the widening digital divide between large enterprises and SMEs, where smaller firms lack the financial resources, technical expertise, and organizational capabilities necessary to navigate complex digital transformation journeys (Zamani, 2022). Recent data reveals that while 91% of UK businesses acknowledge digital transformation as essential for growth, actual implementation

remains fragmented and inconsistent, with many SMEs adopting isolated digital tools without coherent integration strategies or clear understanding of total ownership costs (Office for National Statistics, 2025). The problem is further exacerbated by critical skills shortages, as 39% of firms identify difficulty in recognizing appropriate AI use cases and business applications, while 16% cite insufficient AI expertise as primary barriers to adoption (Office for National Statistics, 2025). Moreover, the post-Brexit regulatory landscape has introduced additional complexities including enhanced data protection requirements, altered international data transfer protocols, and sector-specific compliance obligations that SMEs find increasingly difficult to navigate without dedicated resources (Department for Digital, Culture, Media and Sport, 2022). This confluence of technological, organizational, and regulatory challenges creates a scenario where the very enterprises that could benefit most from digital transformation—those seeking to offset Brexit-related trade disruptions and market access limitations—are least equipped to achieve it.

The problem extends beyond simple technology adoption to encompass fundamental questions of organizational readiness, strategic alignment, and sustainable competitive advantage in an increasingly digital economy. Research demonstrates that digital transformation failures in SMEs often stem from inadequate top management support, absence of digital culture, resistance to change, and misalignment between technological capabilities and business objectives rather than from technological limitations themselves (Ramdani et al., 2024). The situation is particularly acute in traditional manufacturing and service sectors where digital literacy remains low and where firms lack exposure to best practices in digital implementation (Hernández-Lara et al., 2024). Furthermore, cybersecurity concerns present significant deterrents, with SMEs recognizing their vulnerability to cyber threats yet lacking the financial capacity and technical knowledge to implement robust security frameworks alongside digital transformation initiatives (Arranz et al., 2023). The COVID-19 pandemic temporarily accelerated certain aspects of digitalization, particularly remote working capabilities and e-commerce platforms, but also revealed that many SMEs implemented reactive, short-term solutions rather than strategic, integrated digital transformation programs (Muhammad et al., 2025). This piecemeal approach has resulted in technological fragmentation, operational inefficiencies, and missed opportunities for leveraging synergies between different digital technologies. Consequently, UK SMEs risk falling further behind international competitors while simultaneously failing to capitalize on domestic growth opportunities, threatening both individual firm survival and broader economic recovery objectives in the post-Brexit landscape. The central problem, therefore, is not merely technological adoption but rather the development of comprehensive frameworks that enable SMEs to strategically manage digital transformation within resource-constrained, rapidly evolving, and increasingly complex operating environments.

1.3 Research objective

To assess Digital Transformation in Post-Brexit Britain's SME Sector.

2.1 Literature review

The literature on digital transformation in SMEs has expanded considerably over the past decade, with particular emphasis on the unique challenges smaller enterprises face compared to their larger counterparts. Zamani (2022) conducted a comprehensive systematic literature review identifying eleven categories of influential concepts affecting technology adoption in SMEs, revealing a fragmented research landscape that concentrates on limited conceptual areas while neglecting others. The study emphasized that SMEs encounter distinct barriers including resource scarcity,

limited technical expertise, and organizational resistance that fundamentally differ from challenges faced by large corporations. Supporting this perspective, Ramdani et al. (2024) integrated the Technology-Organization-Environment (TOE) framework with Rogers' Diffusion of Innovation (DOI) theory to examine digital technology adoption determinants, finding that adoption costs, top management support, human resources, digital culture, and trading partner pressure directly impact implementation success. Their research, analyzing 419 SMEs through partial least squares structural equation modeling, revealed that digital culture emerged as the most influential predictor of adoption, followed by international orientation and top management support. This finding aligns with Troise et al. (2022), who argued that navigating volatile, uncertain, complex, and ambiguous (VUCA) environments requires SMEs to develop organizational agility supported by digital capabilities, with successful firms demonstrating strong leadership commitment and cultural readiness for technological change. Furthermore, Skare et al. (2023) conducted a comparative analysis across European SMEs using Digital Economy and Society Index data, demonstrating that digitally transformed enterprises benefit significantly from improved market positioning and competitive advantages, though they simultaneously face increased pressure for skilled labor and experienced management. The collective evidence suggests that digital transformation success depends less on technological sophistication and more on organizational readiness, strategic alignment, and leadership vision.

The post-Brexit context has introduced additional complexities to the digital transformation discourse, with emerging research examining how policy-driven disruptions affect SME technology adoption patterns. While direct Brexit-specific digital transformation literature remains limited, broader studies on SME responses to economic shocks provide valuable insights. Klein and Todesco (2021) investigated SME responses during the COVID-19 crisis, finding that firms with pre-existing digital capabilities demonstrated greater resilience and adaptability, while those lacking digital infrastructure struggled with mass layoffs, temporary closures, and operational disruptions. Their research emphasized that organizational resilience, knowledge management strategies, and digital readiness form critical foundations for navigating external crises, suggesting parallels with Brexit-related challenges. Hernández-Lara et al. (2024) extended this analysis through a case study of SMEs in a hard-hit metropolitan area during the pandemic, revealing that firms engaged in process innovation and prior technological changes showed 12% higher probability of adopting digital technologies during crises compared to those without such experience. The study found that innovation capacity and technological familiarity significantly influenced digital transformation adoption more than product innovation or internal R&D spending alone. Muhammad et al. (2025) further explored the digital divide during global crises, identifying that technological factors such as digital inertia, organizational aspects including perceptions and collaboration, and external environmental influences like regulatory measures critically determine whether SMEs undergo digital transformation or perpetuate existing digital divides. Their findings underscore adverse effects of unequal technology adoption on innovative practices distribution, highlighting the risk that crises—including Brexit-related disruptions—may widen rather than narrow digital capability gaps between advanced and lagging SMEs. The Department for Digital, Culture, Media and Sport (2022) acknowledged these challenges in the UK Digital Strategy, outlining government initiatives including the Help to Grow: Digital scheme aimed at supporting 30,000 SMEs in digital transformation through financial discounts of up to £5,000 for approved technology solutions, though questions remain about program reach and effectiveness across diverse SME populations.

Artificial intelligence adoption represents a particularly acute challenge within broader digital transformation efforts, with recent literature revealing significant barriers and slow uptake among UK SMEs. The Office for National Statistics (2025) reported that AI adoption among UK firms stood at only 9% in 2023, though projections suggested potential increases to 22% by 2024, with the most common barriers including difficulty identifying appropriate use cases (39%), cost concerns (21%), and insufficient AI expertise (16%). The British Chambers of Commerce (2024) found even more concerning trends, with 43% of surveyed SMEs indicating no plans to adopt AI technologies, despite 42% acknowledging AI's potential to increase overall productivity. Sector-specific variations emerged as particularly noteworthy, with business-to-business companies showing higher adoption rates (33%) while manufacturing firms demonstrated the lowest uptake (19%), and customer-facing businesses expressing greatest reluctance with 50% having no AI implementation plans. Fernandez de Arroyabe et al. (2024) analyzed AI adoption across 12,108 European SMEs, revealing that digital capabilities and innovation capabilities demonstrate synergistic effects in driving AI adoption, while contrary to prevailing literature, business environmental support alone shows limited direct impact unless combined with well-developed internal capabilities. Their research emphasized that internal organizational capabilities exert greater influence on AI adoption than external environmental support, suggesting that policy interventions must prioritize building foundational digital and innovation competencies rather than relying solely on financial incentives or infrastructure provision. The Department for Science, Innovation and Technology (2024) corroborated these findings in their AI sector study, noting that while the UK hosts over 5,862 AI companies generating more than £10 billion in revenues, SMEs face persistent challenges accessing computing power, development tools, training data, and equity investment necessary for AI implementation. The study identified skills shortages as particularly acute in the AI sector, with the UK education system failing to keep pace with industry demands, creating bottlenecks that disproportionately affect SMEs lacking resources to compete for scarce technical talent.

Emerging frameworks for successful digital transformation emphasize holistic approaches that integrate technological, organizational, and strategic dimensions rather than focusing narrowly on technology acquisition. Donner and Gohier (2023) conducted a systematic literature review exploring digital transformation strategies for achieving SME resilience and antifragility, arguing that successful firms develop comprehensive capabilities encompassing not just technology adoption but also organizational learning, strategic flexibility, and adaptive capacity to convert disruptions into opportunities. Their research highlighted that resilient SMEs absorb environmental shocks through digital capabilities while antifragile organizations leverage these same technologies to emerge stronger, suggesting that digital transformation outcomes depend critically on strategic intent and implementation approaches. The Department for Business and Trade (2025) advanced an ambitious vision in their SME Digital Adoption Taskforce final report, setting a goal for UK SMEs to become the most digitally capable and AI-confident in the G7 by 2035, recognizing that fragmented, piecemeal initiatives must give way to coordinated, scalable transformation efforts. The taskforce identified several critical success factors including effective management and leadership encouraging technology experimentation, targeted sector-relevant support programs, improved digital literacy, and strategic adoption frameworks that assess total cost of ownership beyond mere subscription fees. Arranz et al. (2023) applied machine learning approaches to cybersecurity resilience in SMEs, demonstrating that firms developing operational and control capabilities—including regular software updates, encryption, malware protection, and network security—show significantly better capacity to handle cyber incidents and recover from

attacks. Their research emphasized that cybersecurity resilience must be integrated into digital transformation strategies rather than treated as an afterthought, as cyber vulnerabilities increasingly pose existential threats to digitally dependent SMEs. Collectively, the literature reveals that successful digital transformation in post-Brexit UK SMEs requires multi-dimensional approaches addressing technological infrastructure, organizational culture, management capabilities, cybersecurity resilience, and strategic alignment, with particular attention to sector-specific needs, firm size heterogeneity, and the unique challenges posed by operating in an economically uncertain, regulatory complex, and internationally competitive environment.

2.3 Theoretical review

The theoretical foundations underpinning digital transformation in SMEs draw primarily from three interconnected frameworks: the Technology-Organization-Environment (TOE) framework, Rogers' Diffusion of Innovation (DOI) theory, and the Resource-Based View (RBV). Ramdani et al. (2024) effectively integrated the TOE framework with DOI theory to demonstrate that technological factors (adoption costs, compatibility, complexity), organizational factors (top management support, human resources, digital culture), and environmental factors (trading partner pressure, competitive pressure) collectively influence digital technology adoption decisions in SMEs. The TOE framework, originally developed by Tornatzky and Fleischer, provides a comprehensive lens for understanding how technological readiness, organizational capabilities, and external environmental pressures interact to shape innovation adoption patterns, while DOI theory explains the processes through which innovations spread within social systems based on perceived attributes including relative advantage, compatibility, complexity, trialability, and observability (Zamani, 2022). Fernandez de Arroyabe et al. (2024) extended this theoretical integration by incorporating dynamic capabilities theory alongside resource dependency theory, arguing that digital and innovation capabilities demonstrate synergistic effects in driving AI adoption among European SMEs, with internal capabilities exerting greater influence than external environmental support alone. The RBV perspective emphasizes that competitive advantage stems from unique, valuable, rare, and inimitable organizational resources and capabilities, suggesting that SMEs must develop distinctive digital capabilities and innovation competencies rather than simply acquiring technologies to achieve sustainable competitive advantages through digital transformation (Skare et al., 2023). These theoretical frameworks collectively explain why digital transformation outcomes vary significantly across SMEs, highlighting that success depends not merely on technology availability but on complex interactions between organizational readiness, strategic resource allocation, management commitment, and external environmental conditions.

The application of organizational resilience and agility theories provides additional theoretical depth for understanding how SMEs navigate digital transformation amid uncertainty and disruption in the post-Brexit context. Troise et al. (2022) positioned organizational agility as central to SME success in VUCA (volatile, uncertain, complex, ambiguous) environments, arguing that digital transformation enables agility through enhanced information processing, rapid decision-making, and flexible resource deployment capabilities. Klein and Todesco (2021) drew on organizational resilience concepts to explain SME responses during the COVID-19 crisis, demonstrating that firms with robust knowledge management systems and digital capabilities demonstrated superior absorptive capacity, enabling them to assimilate external knowledge, reconfigure internal processes, and adapt business models rapidly in response to environmental shocks. Donner and Gohier (2023) advanced the concept of organizational antifragility beyond mere resilience, proposing that digitally transformed SMEs can leverage disruptions as catalysts

for growth and innovation rather than simply recovering to pre-shock states. This theoretical perspective aligns with dynamic capabilities theory, which emphasizes firms' abilities to sense opportunities, seize resources, and reconfigure organizational assets to maintain competitive fitness in changing environments (Muhammad et al., 2025). The Department for Business and Trade (2025) implicitly adopted these theoretical perspectives in advocating for comprehensive digital transformation strategies that build adaptive capacity rather than static technological infrastructure. Collectively, these theoretical frameworks suggest that effective digital transformation in post-Brexit UK SMEs requires developing resilient, agile organizational capabilities through strategic integration of technological, human, and organizational resources, with particular emphasis on leadership vision, cultural readiness, and continuous learning mechanisms that enable firms to navigate uncertainty, absorb shocks, and capitalize on emerging opportunities in increasingly complex and volatile business environments.

3.1 Research methodology

This study employed a desktop research methodology involving systematic review and synthesis of secondary data sources including peer-reviewed academic journals, government reports, and industry publications examining digital transformation in UK SMEs within the post-Brexit context. The research analyzed fifteen authoritative sources published between 2021 and 2025, encompassing official statistics from the Office for National Statistics (2025), policy frameworks from the Department for Business and Trade (2025), and empirical studies utilizing Technology-Organization-Environment and Diffusion of Innovation theoretical frameworks.

4.1 Results and findings

The analysis of existing literature and empirical data reveals that UK SMEs face severe and multifaceted barriers to digital transformation in the post-Brexit era, with adoption rates remaining substantially lower than required to meet national productivity targets. The Office for National Statistics (2025) reported that only 9% of UK firms had adopted artificial intelligence technologies by 2023, with projected increases to 22% by 2024 falling far short of government ambitions for widespread digital capability. More concerningly, the British Chambers of Commerce (2024) found that 43% of surveyed SMEs have no plans to implement AI technologies despite 42% acknowledging their productivity benefits, indicating a significant gap between awareness and action. Sectoral disparities emerged as particularly pronounced, with business-to-business companies demonstrating 33% AI adoption rates while manufacturing firms showed only 19% uptake, and customer-facing businesses displaying greatest resistance with 50% reporting no AI implementation plans (British Chambers of Commerce, 2024). The three primary barriers identified across multiple studies include difficulty identifying appropriate business use cases and applications (39%), cost considerations (21%), and insufficient technical expertise and AI skills (16%), suggesting that challenges extend beyond financial constraints to encompass strategic vision, organizational capabilities, and knowledge deficiencies (Office for National Statistics, 2025). Furthermore, research by Ramdani et al. (2024) demonstrated that digital culture emerged as the single most influential predictor of successful technology adoption, followed by international orientation, top management support, trading partner pressure, human resources, and adoption costs, highlighting that organizational and cultural factors outweigh purely technological or financial considerations in determining digital transformation outcomes.

Empirical evidence reveals significant heterogeneity in digital transformation experiences based on firm size, sector, management capabilities, and pre-existing digital maturity levels, with critical

implications for policy design and intervention strategies. Fernandez de Arroyabe et al. (2024) analyzed 12,108 European SMEs and found that digital capabilities and innovation capabilities demonstrate synergistic effects in driving AI adoption, with internal organizational capabilities exerting substantially greater influence than external environmental support mechanisms alone. This finding challenges conventional policy approaches emphasizing financial subsidies and infrastructure provision, suggesting instead that capacity-building initiatives targeting digital literacy, management competencies, and organizational culture may yield superior results. Hernández-Lara et al. (2024) discovered that SMEs engaged in prior process innovation showed 12% higher probability of adopting digital technologies during crises compared to firms without such experience, while product innovation and internal R&D spending alone did not significantly correlate with adoption rates. The research identified that innovation capacity, technological familiarity, and organizational learning mechanisms proved more critical than absolute resource availability in determining digital transformation success. Skare et al. (2023) corroborated these findings across European contexts, demonstrating that digitally transformed SMEs achieve significantly improved market positioning and competitive advantages but simultaneously face intensified demands for skilled labor and experienced management, creating potential bottlenecks that limit scalability of digital initiatives. The Department for Science, Innovation and Technology (2024) reported that while the UK hosts over 5,862 AI companies generating more than £10 billion in revenues, 90% of new AI firms established in 2024 were SMEs, yet these smaller enterprises face persistent challenges accessing computing power (70% citing increased need), development tools (68%), training data (58%), and equity investment (53% identifying this as a short-term barrier), revealing significant resource gaps that inhibit progression from initial adoption to scaled implementation.

The COVID-19 pandemic and Brexit-related disruptions revealed fundamental differences between digitally resilient SMEs and those experiencing widening digital divides, with crisis responses highlighting critical success factors and failure modes. Klein and Todesco (2021) found that SMEs with pre-existing digital capabilities demonstrated superior resilience through rapid pivoting to online channels, remote working infrastructure, and digital customer engagement platforms, while digitally unprepared firms resorted to reactive measures including mass layoffs, temporary closures, and operational disruptions that threatened survival. Muhammad et al. (2025) identified that technological factors such as digital inertia, organizational aspects including leadership perceptions and collaborative capacity, and external environmental influences including regulatory measures critically determined whether crises accelerated digital transformation or perpetuated existing divides. Their research revealed adverse distributional effects where technology adoption benefits concentrated among already-advanced firms while lagging SMEs fell further behind, exacerbating rather than narrowing capability gaps. Troise et al. (2022) emphasized that successful navigation of VUCA environments required organizational agility supported by digital infrastructure, with firms demonstrating strategic flexibility, adaptive capacity, and continuous learning mechanisms achieving superior outcomes compared to those pursuing rigid, technology-centric approaches without corresponding organizational change. The Department for Business and Trade (2025) acknowledged these challenges in setting an ambitious target for UK SMEs to become the most digitally capable and AI-confident in the G7 by 2035, recognizing that current fragmented, piecemeal initiatives must transition toward coordinated, scalable transformation programs addressing management capabilities, digital literacy, strategic planning, and sector-specific needs simultaneously rather than treating technology adoption as an isolated intervention.

Cybersecurity concerns and implementation complexities emerged as critical but often overlooked dimensions of digital transformation, with SMEs facing substantial risks from inadequate security postures alongside technology adoption pressures. Arranz et al. (2023) applied machine learning approaches to analyze cybersecurity resilience across 239 UK SMEs, finding that firms implementing comprehensive operational and control capabilities—including regular software updates, encryption, malware protection, VPN usage, firewalls, identity management, and secure data backup—demonstrated significantly superior capacity to handle cyber incidents and recover from attacks compared to those with minimal security measures. Their research revealed that 77.8% of surveyed firms were micro-enterprises with fewer than ten employees, populations particularly vulnerable to cyber threats due to limited technical expertise and security resources. The Department for Digital, Culture, Media and Sport (2022) outlined government initiatives including the Help to Grow: Digital scheme providing financial discounts up to £5,000 for approved technology solutions, though early evidence suggested uptake remained limited and questions persisted regarding program accessibility, awareness, and effectiveness across diverse SME populations, particularly among micro-enterprises and firms in traditional sectors with low digital literacy. Donner and Gohier (2023) synthesized evidence from systematic literature review emphasizing that successful digital transformation requires holistic strategies integrating technological infrastructure, organizational learning, strategic flexibility, and adaptive capacity rather than narrow focus on technology acquisition alone. Their framework distinguished between organizational resilience (capacity to absorb shocks and recover) and antifragility (ability to leverage disruptions for growth), with digitally transformed SMEs positioned to achieve the latter through strategic integration of technologies with business model innovation, workforce development, and cultural transformation. Collectively, the findings demonstrate that effective digital transformation in post-Brexit UK SMEs demands comprehensive, multi-dimensional approaches addressing technological, organizational, strategic, security, and human resource dimensions simultaneously, with particular attention to firm-size heterogeneity, sector-specific barriers, management capability development, and creation of supportive ecosystems that reduce implementation risks while building sustainable competitive advantages through distinctive digital capabilities rather than mere technology replication.

5.1 Conclusions

Digital transformation in post-Brexit Britain's SME sector represents a critical yet challenging imperative for national economic competitiveness and productivity growth. The evidence demonstrates that while technological solutions have become increasingly accessible and affordable, adoption rates remain stubbornly low due to multifaceted barriers extending far beyond financial constraints to encompass organizational culture, management capabilities, strategic vision, and skills deficiencies. The widening digital divide between large enterprises and SMEs, coupled with sectoral disparities and firm-size heterogeneity, threatens to exacerbate existing inequalities and undermine the potential for inclusive economic recovery. Successful digital transformation requires comprehensive approaches that integrate technological infrastructure with organizational change, leadership commitment, workforce development, and cybersecurity resilience rather than treating technology adoption as an isolated intervention.

The post-Brexit context has intensified these challenges through regulatory complexities, trade disruptions, and market uncertainties, making digital capabilities more essential yet simultaneously more difficult to achieve for resource-constrained smaller enterprises. Ultimately, bridging the digital transformation gap will require coordinated efforts from government, industry,

and educational institutions to build foundational capabilities, provide targeted support tailored to diverse SME needs, and foster ecosystems that enable experimentation, learning, and sustainable competitive advantage through distinctive digital competencies.

6.1 Recommendations

Based on the research findings, several strategic recommendations emerge for accelerating digital transformation in post-Brexit Britain's SME sector. First, government policy should shift from primarily financial subsidies toward comprehensive capacity-building initiatives prioritizing digital literacy, management training, and organizational culture development, as internal capabilities prove more influential than external financial support in determining adoption success. Second, sector-specific digital transformation roadmaps should be developed recognizing that manufacturing firms, customer-facing businesses, and service providers face distinct challenges requiring tailored interventions rather than one-size-fits-all approaches. Third, SME managers must adopt holistic transformation strategies integrating technology adoption with workforce development, process redesign, and cultural change, moving beyond reactive technology purchases toward coordinated digital strategies aligned with core business objectives.

Fourth, addressing critical skills shortages requires coordinated action between educational institutions, industry bodies, and government to expand accessible upskilling pathways specifically designed for existing SME workforces. Fifth, cybersecurity must be embedded within digital transformation initiatives from the outset, with government providing accessible frameworks enabling even micro-enterprises to implement basic security controls. Sixth, peer learning networks and digital champion programs should facilitate knowledge sharing and reduce perceived risks, particularly targeting digitally hesitant sectors. Finally, achieving the ambitious 2035 target for UK SMEs to become the most digitally capable in the G7 requires moving beyond fragmented initiatives toward a coordinated national ecosystem encompassing sustained funding, regulatory simplification, innovation hubs, and continuous evaluation mechanisms that adapt support structures based on evolving SME needs in the post-Brexit economic environment.

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