

Mapping AI Literacy Needs in East London's Small-Business Community

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This report shares findings from my Laidlaw research project on how small businesses in Newham understand and use artificial intelligence (AI). It's part of a wider project, *AI Literacy for Inclusive Innovation: A UCL-Industry Collaboration in East London*, run jointly by University College London (UCL) and How We Do This Ltd. I combined a scoping review, a small pilot survey, and direct conversations with business owners.

Ten of the 11 Newham respondents had heard of tools like ChatGPT or Microsoft Copilot. Only three actually used AI in their business. I want to use that gap to make an argument: AI literacy support shouldn't be judged mainly by how many businesses start using AI. I think literacy happens in stages: access, awareness, relevance, trust, confidence, and a business that goes through all of these and still chooses not to use AI has, in a sense, succeeded. Support that only chases adoption numbers will miss that.

Audience

This report is meant to inform the wider UCL–How We Do This collaboration, colleagues at Newham Council, local business-support providers, and community organisations. It offers early evidence for planning the next stage of research, and some practical lessons about reaching business owners who may not see or respond to surveys shared online.

Research Context

Generative AI tools can help with everyday business tasks: marketing, admin, research, and content creation. But having access to these tools doesn't automatically give a business the time, knowledge, or confidence to use them well. UK research on SME technology adoption backs this up, and shows businesses want support that is reliable and personal, not generic (Department for Business and Trade, 2025a; 2025b).

This matters a lot in Newham, where more than 94% of businesses are micro-businesses (London Borough of Newham, 2026). AI use also rises with business size nationally: in June 2026, 28% of businesses with 0–9 employees used at least one AI technology, compared with 49% of businesses with 250 or more employees (Office for National Statistics, 2026). A small business might have access to the exact same tools as a big company, but far less time and support to work out if those tools are actually worth using.

The literature also links confidence with trust. Guidance for businesses on AI covers privacy, accuracy, bias, and accountability, and any business using AI with personal data still has to follow data protection law (Information Commissioner's Office, n.d.). But there's less research on which of these concerns actually matter most to small business owners themselves, or whether those concerns change how willing they are to try AI at all.

Existing research recommends short, practical, sector-specific support delivered through organisations businesses already trust (Department for Business and Trade, 2025a). Newham Council already offers digital skills and AI support, including training through Newham College and London Design and Engineering UTC (London Borough of Newham, n.d.a; n.d.b). This raised a question for me: is the real barrier a lack of support, or do owners simply not know the support exists, not trust it, not have time for it, or not see it as relevant?

These questions shaped my survey and gave me the framework I use throughout this report: AI literacy moves through stages, access, awareness, relevance, trust, confidence, and informed use, rather than being one single skills gap. I tried not to assume going in that low adoption meant a lack of skills and

used these stages to organise both my survey questions and how I read the conversations that followed.

Methodology and Fieldwork

I developed a short pilot survey looking at awareness and use of AI, general knowledge of the technology, concerns, and any previous training. The goal was to spot early patterns and questions for the wider project, not to produce data that represents Newham's whole business population.

I first shared the survey through online networks and contacts, but responses were slow. So, I spent more time approaching businesses directly and talking to owners in person. The pilot got 15 responses in total: 11 from Newham and four from Walthamstow.

Businesses ranged from sole traders to those with 11–50 employees and included both goods and service businesses. Talking to owners directly usually told me more than a survey response alone. This was especially clear on Green Street. Some owners were suspicious of AI, particularly around data and privacy, and some were also unsure why I was approaching them or what my UCL connection actually meant. Some just preferred their existing way of running things. Language sometimes made it harder for me to explain the project properly. Elsewhere in Newham, things looked different. At an independent coffee shop in a less deprived part of the borough, owners were far more familiar with AI and interested in how it might speed up their day-to-day work.

Findings from the Pilot

Pilot at a glance | Newham respondents

10 / 11	3 / 11	3 / 11	7 / 11	5 / 11
aware of AI tools	currently use AI	received training	privacy or data concern	accuracy concern

Counts from a small exploratory sample; respondents could select more than one concern.

The clearest pattern within the pilot sample was a gap between awareness and use.

Ten of the 11 Newham respondents had heard of AI models such as ChatGPT or Microsoft Copilot, but only three currently used AI in their businesses. Eight described themselves as having only a "basic idea" of AI, while only three respondents had received training on digital tools or AI.

The figures suggested that awareness alone did not translate into confidence or use. Knowing that ChatGPT exists does not necessarily mean knowing what it could be used for, how reliable it is or whether it is appropriate for a particular business. Within this pilot sample, the issue therefore appeared to be less about whether businesses had encountered AI and more about whether they felt able to apply it to their own work.

The conversations suggested that attitudes towards AI were often connected to whether owners could see a practical use for it.

The independent coffee shop was interested in using AI to streamline processes and make operations quicker. By contrast, some massage therapists questioned what AI could add to work that depended largely on human technique and expertise.

Other businesses were already using AI for tasks including research, drafting, image creation and gathering information. This provided a useful contrast with businesses that struggled to see its relevance. It suggested that the question was not simply whether a business was aware of AI, but whether owners could connect it to a task or problem in their own work.

Trust was also important. Seven of the 11 Newham respondents identified privacy and data security as a concern, while five selected accuracy. Three said they did not know enough about AI to judge the risks. One respondent explained that client data was particularly sensitive and that the uncertainty surrounding AI made them reluctant to involve it in their business. The open responses also showed contrasting experiences: one respondent said AI had changed their business for the better, while another wrote, "Clients' data is a very sensitive aspect which makes me reluctant in involving AI in my business since there's so much unknown to it at the moment."

One chicken shop owner whose business had operated for around 20 years was suspicious of AI, particularly around privacy and data, and preferred established ways of working. However, when I asked whether he would be interested if somebody showed him how AI could be used, he was open to learning.

I found this particularly interesting. Being sceptical about AI did not necessarily mean being unwilling to learn about it. Across these conversations, non-use appeared to have different meanings. For the massage therapists, the question was mainly one of relevance. For the chicken shop owner, trust and uncertainty seemed more important. The coffee shop, meanwhile, could already identify processes where AI might be useful. These differences reinforced my sense that treating businesses simply as AI "users" or "non-users" misses an important part of the picture.

This also made me think more about who provides support. My conversations on Green Street showed me that trust cannot simply be assumed because somebody approaches a business on behalf of a university.

Language was another issue that came up during the fieldwork. In some conversations, language differences made it harder to explain both AI and the purpose of my research. I cannot tell from this project how significant this is across Newham's immigrant communities, but it is something that a larger study should explore.

Rethinking AI Literacy

By the end of the project, I was thinking about AI literacy differently. I had started out mainly interested in what stopped small businesses from adopting AI. But adoption increasingly seemed like too narrow an end goal.

Bringing the literature, survey and conversations together, I came to see AI literacy as involving several connected stages:

Access → Awareness → Relevance → Trust → Confidence → Informed use

I do not see this as a model established by the pilot data, but as a useful way of organising what I encountered during the project. Access is only the beginning. Businesses also need to understand whether AI is relevant to them, trust the technology and the people offering support, and feel confident enough to experiment with it.

The final stage should therefore be informed use rather than adoption. A business that understands AI and decides not to use it may be making as informed a decision as one that adopts it.

Next Steps for the Wider Study

The pilot raises useful questions, but 11 Newham responses are too few to show which forms of support local businesses need most. The survey will stay open until the end of November 2026 while the wider study reaches a larger and more varied group, including owners who may not see or respond to surveys shared online.

1. Expand and diversify the sample. Seek responses across different parts of Newham and East London, business sectors, sizes, and levels of digital confidence. Review progress at the end of each month, judging the sample by spread across these groups rather than a single response target and use targeted recruitment where clear gaps remain.

2. Compare recruitment routes. Use online outreach, direct visits, and introductions through Newham Council, business networks, and community organisations. Record the route for each response, along with refusals or incomplete approaches where practical, to see which methods reach different businesses.

3. Test trusted routes into businesses. Since a university connection didn't automatically create trust in this pilot, the next stage should test whether invitations from familiar local organisations get owners further through the trust and confidence stages than a UCL-led approach did.

4. Explore language and accessibility separately from trust. Test a shorter plain-language invitation, translated information, and supported conversations where needed, keeping the core questions consistent so the study can judge whether these adjustments actually change participation without making responses harder to compare.

5. Add planned qualitative conversations, structured around the stages. Invite a smaller group of survey respondents to interviews or small group discussions that probe where each business currently sits, relevance, trust, or confidence, and what specifically would move them, rather than open-ended questions about attitudes to AI in general.

Possibilities for the wider collaboration to test include community AI clinics built around a problem identified by the owner, sector-specific or peer-led learning, and short responsible-AI guidance explaining what information shouldn't be entered into AI tools and how outputs should be checked. These are options worth testing, not recommendations this pilot can establish on its own. UCL, How We Do This Ltd, Newham Council, business networks, and community organisations could each bring something different to this, and businesses themselves need to be involved in shaping both the research and any support meant for them.

Conclusion

This scoping study gives an early picture of how a small group of Newham businesses think about and use AI. It's left me wanting to make a fairly specific argument: the wider collaboration should measure success by how far businesses move through these stages, from access to informed use, rather than by counting adoption alone. Choosing not to use AI can mean different things: not knowing where to start, unresolved worries about data, being happy with how things already work, or a real, informed judgement that AI just isn't relevant to a particular business. That last one, reached with genuine understanding, is the system working as intended, not a gap

in literacy.

If AI innovation in East London is going to be genuinely inclusive, the goal shouldn't be getting every small business onto AI. Support and evaluation here should treat informed non-use as a legitimate outcome. Adoption for its own sake was never really the point.

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