

Generation AI and family business: a perspective article

Generation AI
and family
business

Finn Lannon, Roisin Lyons and Christina O'Connor
University of Limerick, Limerick, Ireland

Abstract

Purpose – This perspective article responds to the emergence of artificial intelligence (AI) as a significant opportunity for growth among family businesses, highlighting the need for future research to attain a clear picture of the next generation of family business successors.

Design/methodology/approach – This is a literature review of current technology adoption within family businesses. The authors offer some research insight to spur critical thinking and discourse around the impact of AI on family business successors.

Findings – Family businesses are initially skeptical of AI technology. However, its use and adoption are crucial for the survival of the family business. To leverage this technology, the authors need to investigate the role of the family business successors as “Gen AI.”

Originality/value – It is challenging but necessary to develop policies and educational support for successors to ensure the survival of family businesses worldwide. The authors propose four key areas of future research.

Keywords Artificial intelligence, Successors, Education

Paper type Research paper

Received 28 July 2023
Revised 25 August 2023
Accepted 25 August 2023

Introduction

Artificial intelligence (AI) presents a significant opportunity for family business growth (Liu, 2020). However, family firms are slow to adopt technological innovation (Chrisman *et al.*, 2015; McElheran *et al.*, 2021). Given that the next generation of family business successors will manage this technological revolution (Zellweger *et al.*, 2015), it is necessary to consider how they may adopt pervasive AI within the family firm. This perspective article examines extant research on the technology adoption of family businesses, with an emphasis on the role of successors, and proposes key areas of research relating to AI adoption in this context. We focus specifically on the next generation of successors to the family firm.

Past research

While it provides competitive advantage, historically, the adoption of technology across the family business sector has been slow (Ulrich *et al.*, 2023; Rashid and Ratten, 2020). Reasons for this resistance to technology are many, including financing, legacy, time constraints and fear of change (Basly and Hammouda, 2020). This trend may be continuing in relation to AI adoption, which is currently more concentrated in large firms (McElheran *et al.*, 2021). Recently, Soluk, (2022) found that only 4.9% of their German family business sample were using AI in their day-to-day business. This may be costly as the disruptive force of generative AI is considered to be more significant than previous technological waves, offering new business opportunities “like never before” (Giuggioli and Pellegrini, 2023, p. 817).

Past scholarly reviews examine technological innovation in family firms, using theories related to Davis (1989) Technology Acceptance Model and Rogers (2003) Diffusion of

© Finn Lannon, Roisin Lyons and Christina O'Connor. Published by Emerald Publishing Limited. This article is published under the Creative Commons Attribution (CC BY 4.0) licence. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this licence may be seen at <http://creativecommons.org/licences/by/4.0/legalcode>



Journal of Family Business
Management
Emerald Publishing Limited
2043-6238
DOI 10.1108/JFBM-07-2023-0116

Innovations framework (De Massis *et al.*, 2013; Haynes *et al.*, 2021). However, in their recent systematic review of family business succession and innovation, Baltazar *et al.* (2023) highlights a gap in our knowledge of the effect of succession on company innovation. We extend this thinking to consider the effect of succession on the adoption of recent technological innovations. The next era of family business successors will be from Gen Z (born 1997–2010) and Gen Alpha (born post-2010). These individuals are digital and social media natives and have experienced a global industrial shutdown, pandemic and hybrid working patterns. This cohort currently has elevated levels of access to AI, and it is expected that generative AI tools will permeate their education and working lives. We have termed these generations collectively as “Gen AI.”

As this research area is underdeveloped, having been termed as a “green field” (Levesque *et al.*, 2022), we offer some research insight to spur critical thinking and discourse. In an ongoing research project facilitated by the authors across three Irish institutions, students who have parents who own their own business (124, 31.3%) were compared to those who do not (272, 68.7%) under relevant criteria. Two distinct findings are of significance in discussing the future of Gen AI in family business:

- (1) Participants who had one or more parents who own their own business ($M = 3.11$, $SD = 1.2$) **are less nervous about using AI text generation tools** for their studies than those who don't have parents who own their own business ($M = 3.47$, $SD = 1.14$), $t(394) = -2.81$, $p = 0.005$, $d = 1.16$.

Participants who have one or more parents who own their own business ($M = 1.79$, $SD = 0.95$) **use AI tools** to develop their understanding of business concepts and learn about the industry more than those who do not have parents who own their own business ($M = 1.52$, $SD = 0.85$), $t(394) = 2.81$, $p = 0.005$, $d = 0.88$. This insight piques inquiry about future research in this area, with many questions still remaining about Gen AI and the future of family business within the next technological revolution.

Future research

We consider the ways that the next-generation owners may learn about and adopt AI into their future business. Extant research suggests that parental support influences successor self-efficacy (Carr and Sequeira, 2007; Lyons *et al.*, 2023) and their understanding of business activities (Jaskiewicz *et al.*, 2015). We contend that parental (owner) curiosity and desire for innovation within their business operations will have a formative effect on their children. Significantly, the will to embrace technological innovation may also be drawn from the children to the parents (Litz and Kleysen, 2001), thereby creating Gen AI successors. The family business manager is the key technical decision maker; and familiarity, previous use and integration of technology are important drivers of technology adoption (Niehm *et al.*, 2010). This presents an opportunity for future research to examine AI adoption among successors exploring their behaviors and attitudes towards AI and their willingness to change and adapt family business practices as well as investigating existent barriers to AI.

Knowledge is viewed as an important asset within the family business (Ge and Campopiano, 2022). Successors will often engage with business education and courses to learn about the career or relevant discipline (Perez and Puig, 2004). Formal education provides the potential to engage with business tools such as AI. Giuggioli and Pellegrini (2023) note the transformative potential of AI in educating future business owners, unlocking their potential to analyze data, communicate and make decisions in new and robust manners. However, given the surprisingly slow rate of adoption of technology (Ulrich *et al.*, 2023), there is a need to explore the future education of Gen AI. Similarly, understanding is required in relation to ethics of AI and the capacity for discriminative behaviors and misuse of AI by successors. We propose key research opportunities in Table 1 for the exploration of next-generation successors.

			Generation AI and family business
Sub-topic	Themes	Relevant literature	
Behaviors of Gen AI successors	Innovation strategies adopted, tools used, ethical considerations	Li and Daspit (2016) , Giuggioli and Pellegrini (2023)	Table 1. Key research opportunities
Barriers to successor adoption of AI	Stability vs change, legacy, hierarchy	Basly and Hammouda (2020) , Chrisman et al. (2015)	
Opportunities/antecedents for successor education on AI	Self-efficacy, computer science or innovation education/pedagogy	Ulrich et al. (2023) , Pérez and Puig (2004)	
Firm-level adoption and use of AI	Technical decision makers; effect of AI on company performance and turnover	Niehm et al. (2010) , Chaudhuri et al. (2023)	
Source(s): Created by authors			

Conclusion

Although family businesses remain initially skeptical ([Ulrich et al., 2023](#)), the use and adoption of AI technology is a crucial requisite for the successful continuance of the family business sector ([Liu, 2020](#)). Leveraging this will necessitate inquiry at the individual and firm level, particularly in relation to family business successors. The development of robust policy and educational support for this cohort, at a pace paralleled to the speed of AI and other advancements, is challenging but necessary for family business survival globally.

References

- Baltazar, J.R., Fernandes, C.I., Ramadani, V. and Hughes, M. (2023), “Family business succession and innovation: a systematic literature review”, *Review of Managerial Science*, pp. 1-24, doi: [10.1007/s11846-022-00607-8](#) (In press).
- Basly, S. and Hammouda, A. (2020), “Family businesses and digital entrepreneurship adoption: a conceptual model”, *The Journal of Entrepreneurship*, Vol. 29 No. 2, pp. 326-364.
- Carr, J.C. and Sequeira, J.M. (2007), “Prior family business exposure as intergenerational influence and entrepreneurial intent: a theory of planned behavior approach”, *Journal of Business Research*, Vol. 60 No. 10, pp. 1090-1098.
- Chaudhuri, R., Chatterjee, S., Kraus, S. and Vrontis, D. (2023), “Assessing the AI-CRM technology capability for sustaining family businesses in times of crisis: the moderating role of strategic intent”, *Journal of Family Business Management*, Vol. 13 No. 1, pp. 46-67.
- Chrisman, J.J., Chua, J.H., De Massis, A., Frattini, F. and Wright, M. (2015), “The ability and willingness paradox in family firm innovation”, *Journal of Product Innovation Management*, Vol. 32, pp. 310-318.
- Davis, F.D. (1989), “User acceptance of computer technology: a comparison of two theoretical models”, *Management Science*, Vol. 35 No. 8, pp. 982-1003.
- De Massis, A., Frattini, F. and Lichtenthaler, U. (2013), “Research on technological innovation in family firms: present debates and future directions”, *Family Business Review*, Vol. 26 No. 1, pp. 10-31, doi: [10.1177/0894486512466258](#).
- Ge, B. and Campopiano, G. (2022), “Knowledge management in family business succession: current trends and future directions”, *Journal of Knowledge Management*, Vol. 26 No. 2, pp. 326-349.
- Giuggioli, G. and Pellegrini, M.M. (2023), “Artificial intelligence as an enabler for entrepreneurs: a systematic literature review and an agenda for future research”, *International Journal of Entrepreneurial Behavior and Research*, Vol. 29 No. 4, pp. 816-837.

-
- Haynes, G., Marshall, M., Lee, Y., Zuiker, V., Jasper, C.R., Sydnor, S., Valdivia, C., Masuo, D., Niehm, L. and Wiatt, R. (2021), "Family business research: reviewing the past, contemplating the future", *Journal of Family and Economic Issues*, Vol. 42, Suppl 1, pp. 70-83, doi: [10.1007/s10834-020-09732-6](https://doi.org/10.1007/s10834-020-09732-6).
- Jaskiewicz, P., Combs, J.G. and Rau, S.B. (2015), "Entrepreneurial legacy: toward a theory of how some family firms nurture transgenerational entrepreneurship", *Journal of Business Venturing*, Vol. 30 No. 1, pp. 29-49.
- Levesque, M., Obschonka, M. and Nambisan, S. (2022), "Pursuing impactful entrepreneurship research using AI", *Entrepreneurship Theory and Practice*, Vol. 46 No. 4, pp. 803-832.
- Li, Z. and Daspit, J.J. (2016), "Understanding family firm innovation heterogeneity: a typology of family governance and socioemotional wealth intentions", *Journal of Family Business Management*, Vol. 6 No. 2, pp. 103-121.
- Litz, R.A. and Kleysen, R.F. (2001), "Your old men shall dream dreams, your young men shall see visions: toward a theory of family firm innovation with help from the Brubeck family", *Family Business Review*, Vol. 14 No. 4, pp. 335-352.
- Liu, H. (2020), "Innovation of family business management mode under the environment of big data and artificial intelligence", *Journal of Physics: Conference Series*, IOP Publishing, Vol. 1533 No. 3, 032060.
- Lyons, R., Ahmed, F.U., Clinton, E., O'Gorman, C. and Gillanders, R. (2023), "The impact of parental emotional support on the succession intentions of next-generation family business members", *Entrepreneurship and Regional Development*, pp. 1-19, doi: [10.1080/08985626.2023.2233460](https://doi.org/10.1080/08985626.2023.2233460) (In press).
- McElheran, K., Li, J.F. and Brynjolfsson, E. (2021), "AI adoption in America: who, what, and Where 1", Mack Institute, available at: https://mackinstitute.wharton.upenn.edu/wp-content/uploads/2022/03/McElheran-Kristina-et-al_AI-Adoption-in-America.pdf
- Niehm, L.S., Tyner, K., Shelley, M.C. and Fitzgerald, M.A. (2010), "Technology adoption in small family-owned businesses: accessibility, perceived advantage, and information technology literacy", *Journal of Family and Economic Issues*, Vol. 31, pp. 498-515.
- Pérez, P.F. and Puig, N. (2004), "Knowledge and training in family firms of the European periphery: Spain in the eighteenth to twentieth centuries", *Business History*, Vol. 46 No. 1, pp. 79-99.
- Rashid, S. and Ratten, V. (2020), "A dynamic capabilities approach for the survival of Pakistani family-owned business in the digital world", *Journal of Family Business Management*, Vol. 10 No. 4, pp. 373-387, doi: [10.1108/JFBM-12-2019-0082](https://doi.org/10.1108/JFBM-12-2019-0082).
- Rogers, E.M. (2003), *Diffusion of Innovations*, 5th ed., Free Press, New York.
- Soluk, J. (2022), "Organisations resources and external shocks: exploring digital innovation in family firms", *Industry and Innovation*, Vol. 29 No. 6, pp. 792-824.
- Ulrich, P., Frank, V. and Buetner, R. (2023), "Artificial intelligence in small and medium-sized family firms: an empirical study on the impact of family influence", *Corporate Governance and Organizational Behavior Review*, Vol. 7 No. 1, pp. 72-80.
- Zellweger, T., Sieger, P. and Englisch, P. (2015), "Coming home or breaking free? A closer look at the succession intentions of next-generation family business members", available at: <https://www.alexandria.unisg.ch/handle/20.500.14171/107597>

Further reading

- Calabrò, A., Vecchiarelli, M., Gast, J., Campopiano, G., De Massis, A. and Kraus, S. (2019), "Innovation in family firms: a systematic literature review and guidance for future research", *International Journal of Management Reviews*, Vol. 21 No. 3, pp. 317-355.

Cruz, A.D., Hamilton, E. and Jack, S.L. (2022), "Understanding entrepreneurial opportunities through metaphors: a narrative approach to theorizing family entrepreneurship", in *Families in Business*, Routledge, pp. 30-51.

Generation AI
and family
business

Corresponding author

Christina O'Connor can be contacted at: christina.f.oconnor@ul.ie

For instructions on how to order reprints of this article, please visit our website:

www.emeraldgroupublishing.com/licensing/reprints.htm

Or contact us for further details: permissions@emeraldinsight.com