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Service Management in the Age of AI and Robotics

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Die Jungfraubahnen im neuen Zeitalter

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Mittelstand meets KI-Zukunft!



Artificial Intelligence in Family-Owned Tourism Businesses

The integration of artificial intelligence (AI) across industries represents a significant shift that has the potential to improve decision-making, operational efficiency, and creativity. This conceptual paper emphasizes the profound impact of AI on automation and innovation in the tourism and hospitality sector, which is largely run by entrepreneurial families. We highlight the importance of examining the challenges and opportunities associated with integrating AI into these businesses by presenting six assumptions, with a particular focus on socioemotional wealth and resource-based theory.

Florian Sexl, Prof. Dr. Anita Zehrer

The question of how artificial intelligence (AI) can augment rather than replace the human elements of service delivery in the tourism and hospitality context remains largely unanswered. The integration of AI represents a potential paradigm shift, which could profoundly affect owners' emotional attachment to their businesses and their motivation to innovate and preserve their legacy. Research is needed to explore how business owners navigate the emotional challenges posed by the integration of AI, and how these challenges influence their strategic decisions and the overall direction of the business. There is a critical gap in understanding the changing perceptions of customer value in the age of AI and automation within family-owned tourism businesses (Fosso, 2022). As these businesses have traditionally relied on a personal touch to differentiate their offerings, it's essential to investigate how the adoption of AI affects customer perceptions of value and the overall customer experience. The potential for AI to enhance or detract from the personalized service that forms the cornerstone of family-owned tourism businesses' value proposition to customers is an area ripe for further research.

Looking specifically at the tourism sector, family businesses emerge as a linchpin, providing unique insights into the dynamics between tradition, innovation, and digital technology adoption (Haushofer, 2013). The Austrian Chamber of Commerce highlights the significant economic contributions of these enterprises, emphasizing their role in employment and regional development, while also noting a reluctance to rapidly adopt new technology due to a preference for tradition and personalized customer service (Haushofer, 2013). Furthermore, the nuanced perspectives of small and medium-sized family enterprises (SMFEs) on risk, as revealed in a qualitative analysis, show that strategic orientation significantly influences risk perception, a critical aspect for understanding the landscape of AI adoption in the tourism sector (Ulrich

et al., 2023). The paper therefore addresses the following research questions:

- (1) What role does socioemotional wealth (SEW) play in the adoption of AI technology in family-owned tourism businesses?
- (2) How can family-owned tourism businesses balance automation through AI technology with maintaining personalized customer experiences and family-oriented service?
- (3) Producer side: How is the emotionality and special motivation of business owners influenced by AI?
- (4) Customer side: How does customer value change when personal touch is replaced by AI and automation?

The complex interplay between AI, strategic direction, and risk perception within family-owned tourism enterprises requires an investigation into the use of AI to maintain a competitive edge while upholding tradition and personalized service.

The main objective of this paper is to highlight the importance of a sophisticated approach to technology adoption that aligns the values and strategic orientations of family businesses with the opportunities

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and challenges presented by AI, including practical guidelines. We seek to bridge the identified gaps by exploring the dynamics of AI integration in family-owned tourism businesses, informed by SEW and resource-based theories, and we aim to provide an understanding of the potential pathways through which these businesses can navigate the complexities of the digital era, ensuring longevity and prosperity in an increasingly competitive landscape by developing six assumptions and guidelines regarding AI in family-run tourism businesses.

Socioemotional Wealth and Resource-based View in AI Adoption

The concept of socioemotional wealth (SEW) encompasses the family's emotional attachment to the business, prioritizing the preservation of legacy, family harmony, and identity over purely financial gains (Gómez-Mejía et al., 2007). This prioritization could lead to a cautious approach towards adopting AI, balancing the potential risks against the perceived benefits to the family's social and emotional assets. A cautious strategy for

integrating AI is frequently motivated by the goal of safeguarding and enhancing their socioemotional wealth, which includes maintaining robust interpersonal connections, promoting family principles, and ensuring the continued management of the enterprise (Gómez-Mejía et al., 2007). This line of reasoning might also be reflected in the following finding: In a comprehensive study conducted with German family businesses, only 4.9% out of more than 1,700 companies use AI in their day-to-day business (Kammerlander et al., 2020). However, SEW can also be a driving force behind innovation, as families seek to secure the future and legacy of their business in a competitive landscape (Berrone et al., 2012). AI adoption, viewed through the SEW lens, might require a strategic approach that aligns with the family's values to ensure that technological advancements enhance, rather than undermine, the family ethos. Document analysis suggests that family firms with a strong sense of SEW might approach AI adoption more methodically, considering how these technologies can be integrated into the business without compromising the values central to their identity (Gómez-Mejía et al., 2007). Therefore, we present the following assumption (A) and practical guideline (PG):

A1. SEW acts as both a barrier and a facilitator, guiding the family business through the digital transformation journey in a manner that safeguards and enhances its SEW.

PG 1: Strategically align digital transformation initiatives with family values and legacy to leverage the socioemotional wealth (SEW) of the family business. By doing so, ensure that technological advancements not only preserve but also enhance SEW by fostering innovation that resonates with the family's core identity. For instance, a family-owned resort could introduce an AI digital booking system that showcases the resort's rich heritage and personalized service. This approach would not only enhance the guest experience but also uphold the family's longstanding legacy in the tourism industry.

In a comprehensive study conducted with German family businesses, only 4.9% out of more than 1,700 companies use AI in their day-to-day business.

Integrating the resource-based view into this analysis further enriches our understanding of AI adoption in family-owned tourism businesses. The resource-based view posits that firms can gain and sustain competitive advantages through the identification, development, and deployment of unique resources and capabilities (Barney, 1991). In the context of family businesses, unique resources often include deep customer knowledge, flexible decision-making processes, and a strong brand identity rooted in family values. As one way to leverage

these unique assets, family businesses could employ AI technologies not just as tools for operational efficiency, but as strategic assets that enhance their distinctive competencies. This perspective encourages family firms to view AI as an opportunity to strengthen their market position by augmenting their unique resources with technology, thus achieving a competitive edge that is difficult for rivals to replicate (Habbershon & Williams, 1999). We derive the following assumption and practical guideline:

A2. The resource-based view can complement the SEW framework by highlighting how the strategic management of resources—including AI—can align with and amplify the core strengths and values of family-owned tourism businesses.

PG 2: Using the resource-based view in line with the SEW framework to strategically manage resources, such as artificial intelligence (AI), could align with and enhance the fundamental strengths and principles of family-owned tourism enterprises. For example, a family-operated hotel could integrate AI-powered data analysis to tailor guest experiences and promotional tactics, showcasing and reinforcing the family's dedication to outstanding hospitality and individualized service.

Management Summary

The integration of artificial intelligence (AI) across various industries marks a significant transformation that is poised to enhance decision-making, operational efficiency, and creativity. This conceptual paper highlights the profound impact of AI in automating and innovating the tourism and hospitality sector, which is predominantly run by entrepreneurial families. By presenting six key assumptions and six key practical guidelines, we emphasize the need to explore the challenges and opportunities associated with AI adoption in these businesses, with a particular focus on socioemotional wealth and resource-based theory.

In the realm of family-owned tourism businesses, the challenge of integrating AI and automation technologies while maintaining the hallmark of personalized service is paramount. These businesses thrive on offering unique, personalized experiences that create lasting connections with customers, a trait that can be at odds with the perceived impersonal nature of AI (Kim et al., 2024). Artificial intelligence has the ability to enable

businesses to analyze customer data and create tailored experiences, while streamlining operational efficiency (Ulrich et al., 2023). For example, the merging of AI-enabled chatbots and virtual assistants has completely changed the landscape of customer service, providing continuous support for reservations and personalized recommendations. This advancement guarantees quick responses to customer questions and customizes suggestions based on individual preferences, ultimately boosting customer satisfaction. In addition, AI systems examine extensive customer data in order to provide tailored suggestions for travel and lodging, increasing the chances of successful bookings and enhancing the overall user experience.

Thus, we come up with the following assumption and practical guideline:

A3. AI has the potential to enhance personalized service delivery, enabling businesses to analyze customer data for tailored experiences while optimizing operational efficiency.

PG 3: Utilizing AI for analyzing customer data could lead to personalized experiences that improve the delivery of services and enhance operational efficiency. For example, a family-run hotel could use AI to personalize room configurations, dining options, and activity recommendations according to guest preferences, ultimately enhancing the overall guest experience and streamlining service operations.

The key is to use AI to enhance rather than replace the human-centered services, ensuring that technology acts as a complement to the personal touch rather than a substitute (McElheran et al., 2024). By doing so, family tourism businesses can achieve a harmonious balance where automation simultaneously enhances efficiency and personalization. This strategy allows businesses to remain competitive in the digital age without losing the essence of the family-oriented service that defines their brand (Mariani et al., 2023).

Main Propositions

- 1 SEW as a dual factor: SEW influences AI adoption, requiring alignment with family values for competitiveness.
- 2 Balancing technology and personalization: AI in tourism family firms needs a mix of technology and personalized experiences.
- 3 Strategic AI for long-term success: Aligning AI with family values boosts efficiency, satisfaction, and sustainability.

Therefore, we propose:

A4. By carefully considering the role of AI in service delivery, family-owned tourism businesses can navigate the complexities of technology adoption and ensure that the unique value proposition of personalized, family-centric service remains intact.

PG 4: The strategic deployment of AI in the tourism service might help family-owned tourism enterprises to effectively manage the challenges of integrating technology into their business while upholding the unique selling point of personalized, family-oriented service. For example, a family-operated hotel might use AI to send personalized welcome messages and daily schedules tailored to individual guest preferences, guaranteeing a personalized experience that reflects the family's commitment to hospitality.

Impact of AI on Owner Emotionality and Motivation

The introduction of AI in family-owned tourism businesses can have a profound impact on the emotionality and motiva-

tion of business owners. The emotional ties that owners have to their businesses, characterized by a deep sense of legacy and continuity, play a critical role in how they might perceive and integrate AI technologies. For many, the introduction of AI may raise concerns about losing the personal touch that defines their service, or fear that automation may dilute their brand's unique family-oriented values (Kim et al., 2024).

In general, while tourism provides an accessible avenue for SMEs to initiate ventures with potentially minimal capital investment, often driven by personal lifestyle, location, and leisure aspirations rather than mere profit or security, these businesses face significant competitive disadvantages, including limited economies of scale, limited diversification opportunities, and restricted access to capital markets, all of which combine to create an uncertain future for many in the sector (Zehrer, 2009). These considerations may compel some owners of family-oriented tourism enterprises to consider the integration of artificial intelligence into their operations. However, given that family businesses typically exhibit a greater risk aversion (Glowka et al., 2024), a reluctance to adopt such advanced implementations may be common. In this regard, family business owners might also be attentive and to some extent skeptical about the impact of AI integration on their stakeholders, such as customers and employees (Zehrer & Raich, 2022).

On the employee side, AI operates as a two-pronged instrument in the realm of employee management; while it could enhance organizational efficiency and foster competitive advantages, AI might also take over decision-making authority and cause job layoffs, potentially undermining career prospects and personal welfare (Cheng et al., 2022). Cheng further hypothesizes that an ill-considered implementation of AI-centric policies and operations may trigger adverse reactions among employees and manage-

Lessons Learned

- 1 Personalized guest experiences: A family-owned hotel or resort can use AI to tailor room amenities, dining options, activities and entertainment to guest preferences.
- 2 Streamlined operations: A boutique hotel can use AI for inventory management and maintenance, freeing up family members to focus on personalized guest interactions.
- 3 Enhanced service personalization: AI can send personalized greetings and schedules to guests, reflecting the family's dedication to hospitality and ensuring a customized experience.

ment, thereby negatively affecting the entire organizational fabric. To grasp the potential losses incurred through the automation of decision-making processes, it is imperative to comprehend the distinctions between human and machine intelligence, and this understanding sheds light on the nuanced capabilities unique to human cognition, such as emotional intelligence, ethical reasoning, and the capacity for empathy, which are not inherently replicated by machine algorithms (Bolander, 2019). The literature indicates that the successful integration of AI into family businesses often requires owners to reconceptualize their roles—shifting from traditional operational focuses to more strategic, innovation-driven perspectives. This shift can reinvigorate owners' motivation as they explore new ways to embed their family's values in the digital age and ensure that technology enhances rather than replaces the personal touch that distinguishes their service (Ulrich et al., 2023).

This results in the following:

A5. AI is a tool to improve the competitiveness of the business and ensure its long-term sustainability, while being in line with the intrinsic motivation to preserve the family legacy.

PG 5: Incorporating AI into family-owned tourism enterprises might improve competi-

AI can improve service delivery and owner motivation by embedding family values into strategic decisions.

tiveness and secure long-term viability, while strategically aligning technological applications with the preservation of the family's heritage. For example, a family-operated boutique hotel might introduce AI to streamline inventory management and maintenance schedules, allowing family members to spend more time interacting directly with guests and providing tailored services, thereby maintaining the sentimental bond that distinguishes their brand.

Customer Value in the Age of AI and Automation

In the age of AI and automation, the perception of customer value is undergoing a significant transformation, especially in the context of family-owned tourism businesses (Zehrer et al., 2018). Customers traditionally drawn to the personalized, intimate experiences of-

fered by these businesses might view the integration of AI with skepticism, fearing that automation may undermine the personal touch they value (Magnini et al., 2011). For example, recent studies indicate a multifaceted scenario regarding the implementation of AI and humanoid service robots in customer service settings, as customers frequently express discomfort and unease following interactions with humanoid service robots, revealing a level of doubt and apprehension that could have a detrimental effect on customer contentment (Bock et al., 2020).

However, when implemented thoughtfully, AI can enhance the customer experience (Trischler et al., 2018) by offering more customized and efficient services, thereby adding new dimensions to customer value. The move towards digital service environments, as evidenced by the rising consumer preference for digital customer service interactions and the positive impact of AI on the service climate by enhancing employee engagement, emphasizes the importance for businesses, particularly family-owned tourism enterprises, to rethink the traditional service delivery model (Raich & Zehrer, 2023). This adjustment involves using AI not only to meet evolving customer expectations, but also to cultivate a supportive workplace that fosters improved service outcomes, thereby redefining customer value in the era of digital transformation (Bock et al., 2020). The challenge for family-owned businesses is to use AI to enrich customer interactions and service personalization, thereby redefining customer value in a way that harmonizes technology with the human-centric ethos of family businesses.

This brings us to our last assumption and guideline:

A6. By integrating AI in a manner that respects and builds upon the traditional values of family businesses, these enterprises can navigate the digital transformation, ensuring that customer value is not just preserved but enhanced in the process.

PG 6: Integrating AI into family-owned tourism enterprises to preserve and enrich traditional values increases customer value via digital innovation. For example, a family-owned resort might utilize AI to personalize guest experiences by customizing room amenities and entertainment choices according to guest preferences gathered from previous visits. This ensures that each visit is distinctly personal and memorable, while maintaining the genuine warmth of family hospitality.

Conclusion

Exploring AI in family-owned tourism businesses shows transformative potential. This paper highlights the interplay between socioemotional wealth (SEW),

the resource-based view, and AI, identifying pathways for AI transformation while preserving values.

Balancing AI with personalized experiences and understanding its impact on owner motivation is crucial.

SEW influences AI adoption as both a barrier and a facilitator, highlighting the need for strategic AI alignment with family values to enhance competitiveness and sustainability. Balancing

AI with personalized experiences and understanding its impact on owner motivation is crucial. AI can improve service delivery and owner motivation by embedding family values into strategic decisions. Customer value shifts with AI integration, requiring a blend of technology and personal touch. Thoughtful AI application can enhance experiences but requires a harmonious integration that respects family business values.

In conclusion, the paper addresses how family tourism businesses can adopt AI, emphasizing strategic alignment with family values for operational efficiency, customer satisfaction, and long-term success. This is a significant step in understanding AI transformation in the sector. ■

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