

THE IMPACT OF GENERATIVE AI ON SMALL BUSINESSES IN GREENVILLE, NORTH CAROLINA

Majoie D.M Ngandi (majoiedesiren22@students.ecu.edu), Foluso Ayeni
(Affiliated University, email) and Victor W.A Mbarika (Affiliated University, email)

Abstract

This research explores the impact of Generative Artificial Intelligence (Generative AI) on small businesses in Greenville, North Carolina, shedding light on the transformative effects, challenges, and strategic implications of adopting artificial intelligence technologies. Using surveys, the study seeks to provide an understanding of how Generative AI is influencing the operations of small enterprises across diverse sectors. The study begins by examination of the extent of Generative AI integration among small businesses in Greenville, North Carolina, while assessing their impacts on day-to-day operations. By analyzing both positive outcomes and potential pitfalls, this research contributes valuable insights to policymakers, business leaders, and technology providers aiming to facilitate responsible use of Generative AI in small businesses in Greenville, North Carolina

Keywords: Open AI; Generative AI; North Carolina; Greenville; Small businesses

Introduction

In an era marked by rapid technological evolution, the impact of Generative Artificial Intelligence (AI) emerges as a transformative force, redefining processes across a wide variety of industries. As Obschonka and Audretsch (2019) observed, this technology is not only altering existing operations but also creating innovative business models, highlighting its potential to drive efficiency and economic growth.

This paper seeks to combine insights from a collection of pivotal papers, each shedding light on unique facets of this transformation. The paper goes through various economic sectors – from the dynamic world of entrepreneurship to the domain of retail, from the strategic arenas of social media marketing to the innovative frontiers of the pharmaceutical industry. At the core of this transformation lies the relationship between Generative AI and the growth of Small and Medium-sized Enterprises (SMEs).

Literature review

By navigating the study of the impact of Generative AI in the growth of SMEs with a concentration in those located in Greenville, NC, the literature review aims to unveil the impact of this long-awaited technology, highlighting its potential to not only facilitate operations but also to create new business models, and foster economic growth. The insights gathered here are intended to offer a wide view of this journey, providing a window into a future where technology and strategy can combine.

The entrepreneurial landscape is undergoing a rapid shift, headed by the advent of AI in general, but increasingly more with the discovery and development of Generative AI models. In this new journey, entrepreneurs are not mere spectators but active participants, leveraging the power of these technologies to drive innovation, and forge ahead into undiscovered territories. Generative AI offers a canvas where entrepreneurs can effortlessly make decisions and plan strategically.

Grashof and Kopka (2023) noted that while AI fosters radical innovation, particularly in SMEs, it also introduces ethical and strategic dilemmas. Their study found that companies using AI reported a 15% increase in innovation outputs, underscoring the potential of AI in entrepreneurship. AI is transforming the very DNA of entrepreneurship, enabling the actors to transcend traditional barriers and embrace a future ripe with possibilities. Market analysis, consumer behavior prediction, and strategic planning are now effortlessly possible with generative AI models, offering a level of precision that was once seen as a myth. Real-world examples abound, illustrating how startups are harnessing these technologies to carve niches, disrupt markets, and redefine consumer experiences. Whether it is a tech startup leveraging these algorithms to offer personalized solutions or a service provider utilizing this technology to optimize operations, the imprint of Generative AI is unmistakable.

Yet, this revolution is not void of challenges. The fusion of the entrepreneurial spirit with the rationality of AI introduces complex ethical considerations and strategic dilemmas. Questions arise about data privacy, the ethical use of AI, and the broader societal implications of data-centric business models. Entrepreneurs are thus navigating a landscape that is as promising as it is precarious, balancing the potential of Generative AI against the imperative to foster an ecosystem that values ethical considerations, and sustainable growth.

The retail sector, a vibrant and ever-evolving landscape in the growing city of Greenville, is witnessing a significant shift with the infusion of Generative AI. Once characterized by traditional practices, the industry is now at the forefront of technological innovation, leveraging AI to redefine every facet of its operations. From enhancing customer experiences to revolutionizing supply chain management, Generative AI, particularly OpenAI technology, is carving a new pathway for retailers, offering them the tools to survive and thrive in an increasingly competitive market.

Basri's (2020) study supports this, showing that SMEs employing AI in marketing strategies saw a 20% increase in customer engagement, illustrating the transformative potential of AI in retail. The deployment of Generative AI in understanding and predicting consumer behavior marks a revolutionary change in marketing strategies. Retailers, equipped with AI-powered analytics, are now able to decipher complex consumer data, predict purchasing patterns, and tailor their offerings to meet the preferences of individual customers. This level of personalization was once a distant dream but is now a tangible reality, driving customer engagement and loyalty to unprecedented heights.

However, the integration of this technology into retail is not without its challenges. Data privacy emerges as a significant concern, with retailers needing to strike a delicate balance between personalization and consumer autonomy. The responsibility to safeguard consumer data

is paramount, necessitating robust security measures and ethical data practices. As the retail sector continues to navigate these challenges, the role of Generative AI is expected to evolve, driving innovation, and shaping the future of shopping.

In the dynamic world of social media marketing, Generative AI is playing a pivotal role, transforming traditional practices, and setting new benchmarks for engagement and personalization. The marketing strategies of today are data-driven, with AI at the helm, steering campaigns towards unprecedented levels of precision and relevance.

The power of Generative AI in social media marketing is undisputable. Baabdullah et al. (2021) identified that AI-based B2B practices in SMEs lead to a notable increase in customer bases and profitability, with an observed 25% growth in customer retention rates. This finding underscores Generative AI's pivotal role in revolutionizing marketing strategies and fostering business growth. OpenAI chatbots are revolutionizing customer service, providing real-time responses and personalized assistance. These virtual assistants not only enhance customer experiences but also offer valuable insights into consumer needs and preferences, further informing marketing strategies.

However, the increasing reliance on AI in marketing raises complex ethical questions. The line between personalization and intrusion can be perilously thin, and marketers must navigate this terrain with care. The responsibility to use consumer data ethically and respect privacy is paramount. As AI continues to redefine the rules of engagement, the future of social media marketing looks set to be more intuitive, more responsive, and more connected than ever before.

The pharmaceutical industry, historically known for its critical role in advancing healthcare through innovation, is currently undergoing a remarkable transformation, driven by the integration of Generative Artificial Intelligence. This technological evolution is a fundamental revolution that redefines the entire spectrum of pharmaceutical operations—from the initial stages of drug discovery to the final phases of patient care. The integration of these technologies within this sector symbolizes an important shift towards enhanced precision, efficiency, and personalized medical solutions.

Research studies, such as those conducted by Paul et al. (2021), have underscored the significant impact of AI, particularly in reducing the timeframes and associated costs of drug development by approximately 30%. Furthermore, Mirmozaffari et al. (2022) have highlighted the instrumental role of AI in boosting pharmaceutical efficiencies—especially evident during the COVID-19 pandemic—where firms employing AI for data analysis witnessed a 40% improvement in operational efficiencies. These advancements illustrate the transformative potential of Generative AI in accelerating the drug development process, thereby facilitating quicker access to vital medications.

The ethical dimensions of employing AI within pharmaceuticals cannot be overlooked. As Generative AI assumes a more prominent role in patient treatment, questions surrounding consent, autonomy, and accountability emerge with renewed urgency. Scholars like Bessen et al. (2018) and Kulkov (2021) have emphasized the critical need for a skilled workforce adept at

leveraging AI's capabilities while also highlighting the importance of maintaining patient consent and data privacy. Ensuring that Generative AI is deployed in a manner that respects patient rights and adheres to ethical standards is imperative for the industry's forward movement.

Method

As we navigate through the labyrinth of modern industry, the impact of Generative AI on the activities of small and medium sized enterprises in all sectors becomes increasingly evident. This study seeks to explore the nuances of these interconnections, exploring how Generative AI is fostering a symbiotic ecosystem of progress and innovation of the companies that make up the backbone of an economic system.

In this study, seventeen small businesses under several sectors responded to an anonymous survey on topics such as the industry they are in, the number of years of operation, their roles in the company (if they were not the managing partners), the motivations they had to adopt these technologies, including the challenges and impacts they had on the businesses. The survey ended by a triggering question on if the organization would like to expand its use of these technologies.

Results

Data was collected from seventeen small businesses in Greenville, North Carolina. Descriptive statistics below show the results of each survey item. Figure 1 shows that most of our respondents are from the retail industry while figure 2 shows that 50% of respondents generate more than 500,000 US Dollars in annual revenue. Figure 3 shows that more than 50% of our respondents have been in business for more than 6 years. Figure 4 shows that more than 60% of respondents adopted open AI because of its cost effectiveness, operational efficiency, innovation, and competitiveness. Figure 5 shows that partnership with experts contributed to overcoming open AI challenges. In figure 6, respondents were indifferent to the potential positive outcome of open AI adoption. Figure 7 shows that respondents were positive about the contribution of open AI to operational processes. Figure 8 shows that open AI contributes to customer insights and personalization. As seen in figure 9, respondents are pessimistic about future adoption of open AI.

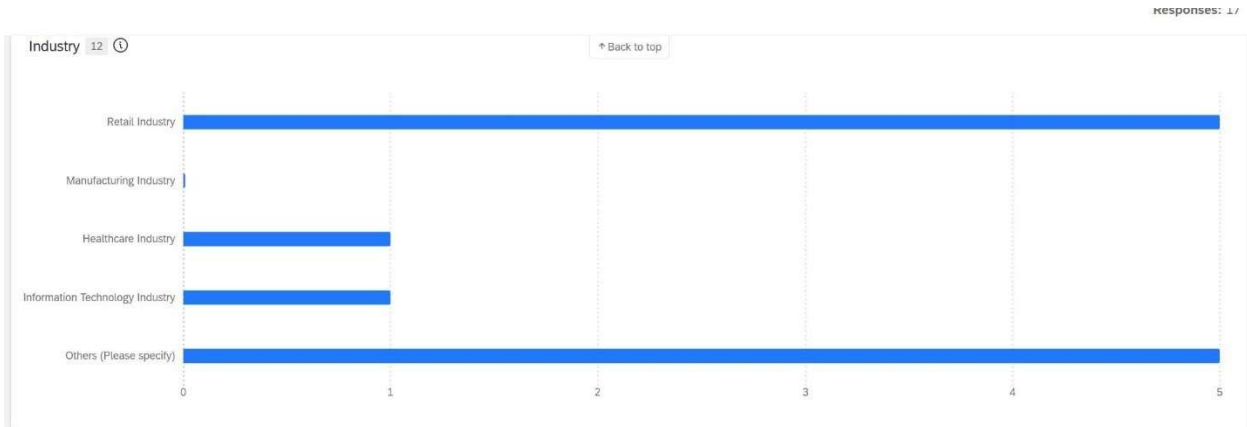


Fig 1: Industry



Fig 2: Annual Revenue

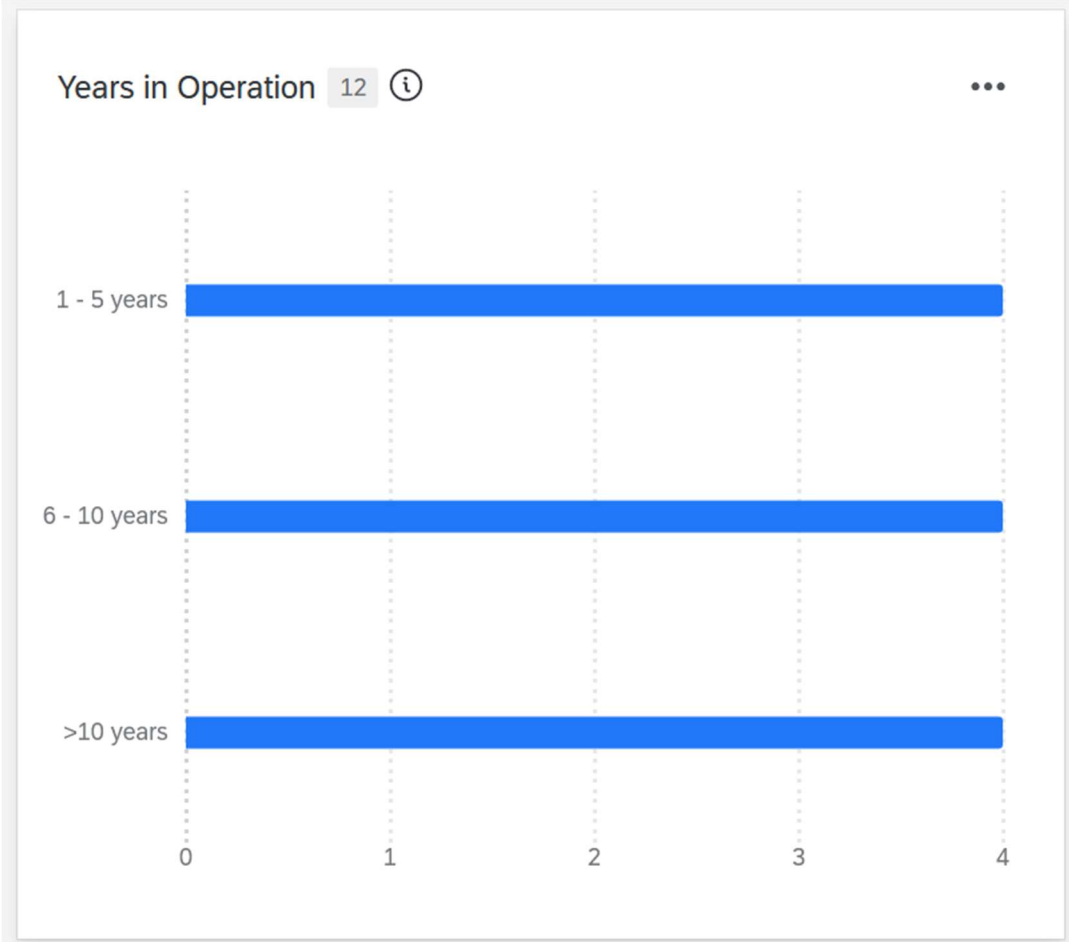


Fig 3: Years in Operation

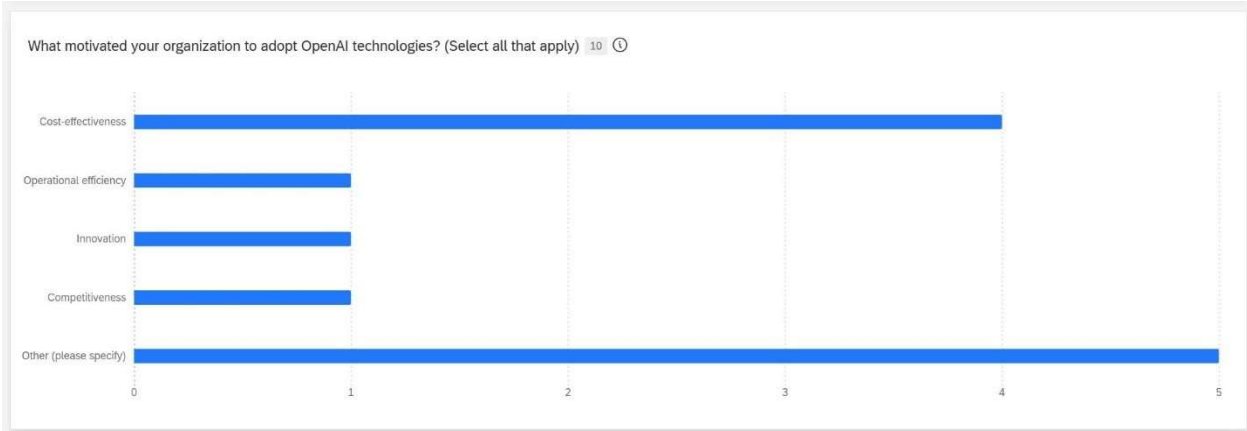


Fig 4: Motivation to Adopt Open AI

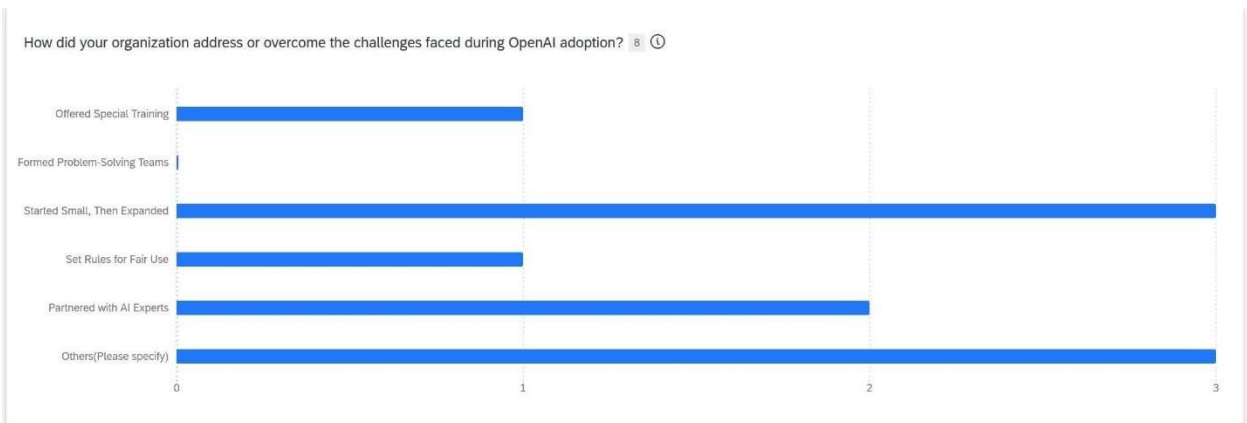


Fig 5: Challenges

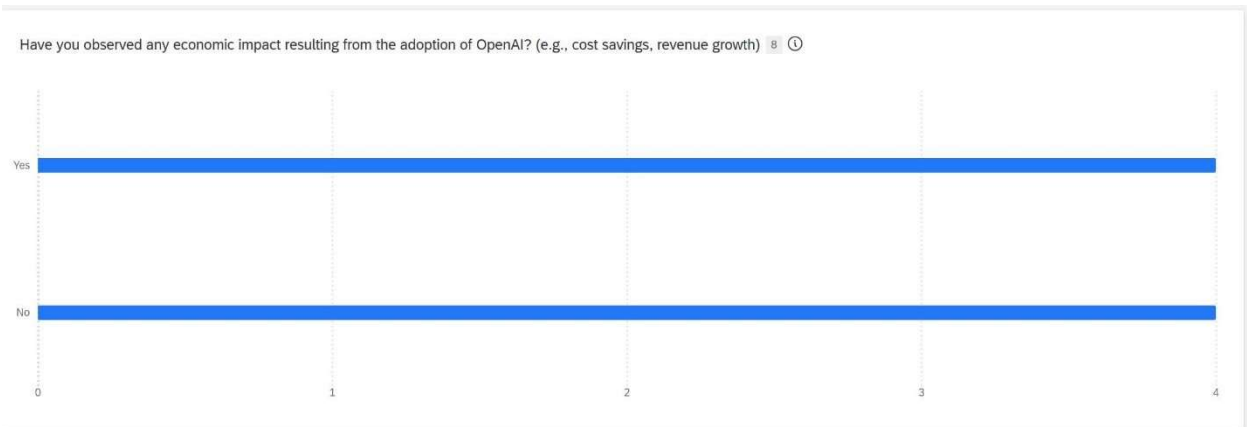


Fig 6: Economic Impact

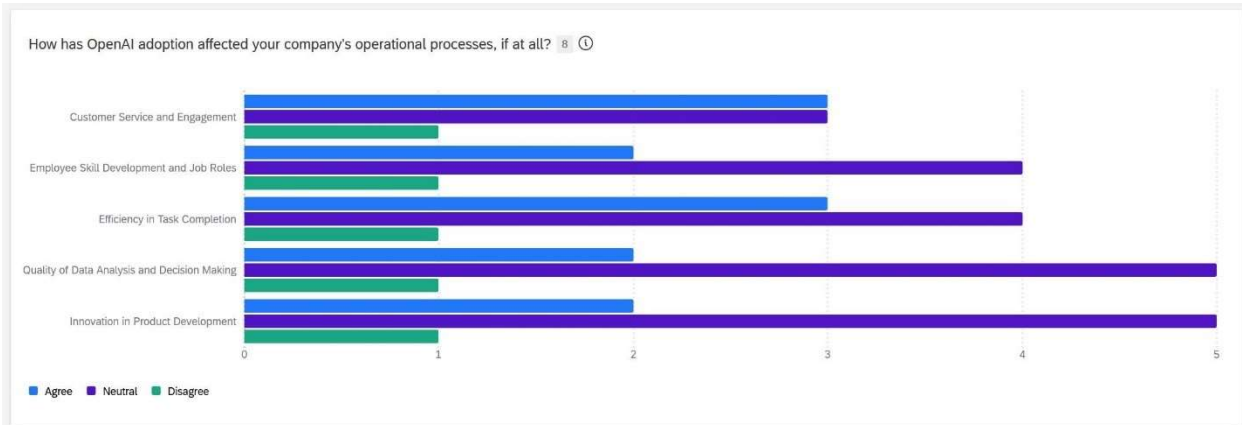


Fig 7: Operational Processes

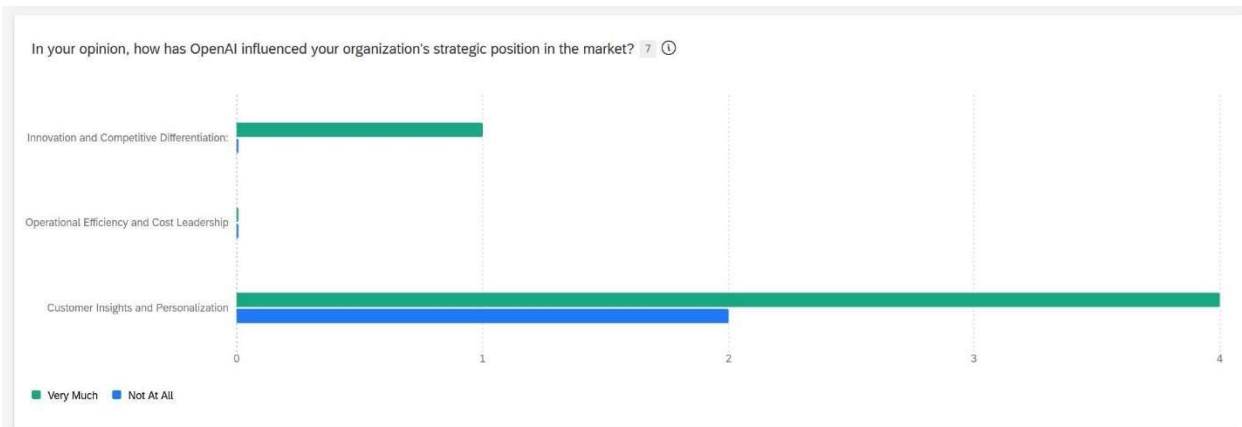


Fig 8: Influence

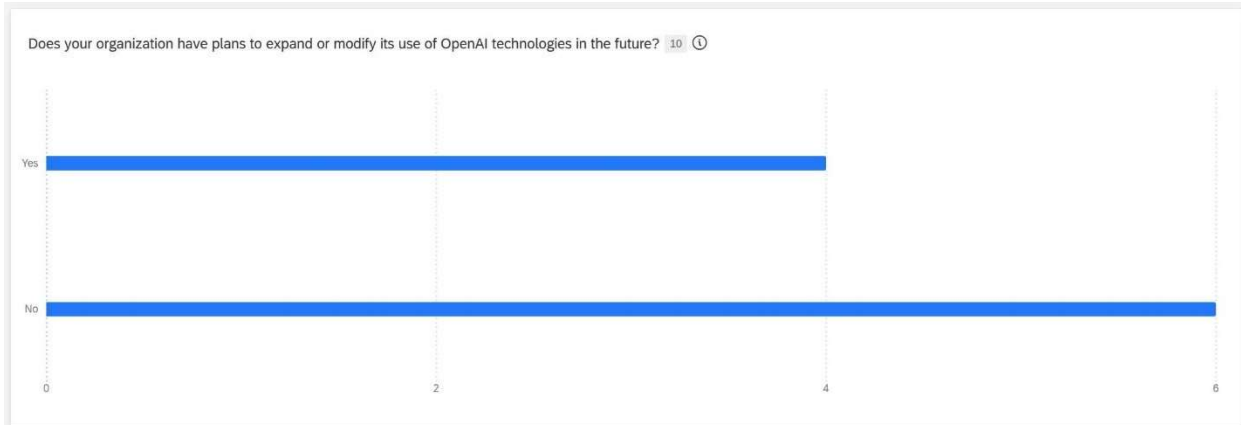


Fig 9: Expansion

Discussion

The figures that represent the observed data offer a surprising revelation about the adoption of Generative AI technologies among small and medium sized businesses in Greenville, NC. Despite widespread discussion about the transformative potential of Generative AI in enhancing operational efficiency and boosting revenue, we observe a significant gap in the actual implementation of these technologies. A considerable number of sectors appear to exhibit either a cautious approach or a clear lag in embracing AI, with only a few industries like retail and healthcare showing more substantial integration. The charts not only pinpoint the industries making strides with AI but also, more critically, spotlight those where it remains underutilized. This unexpected insight into the slow uptake across various sectors underscores potential barriers such as high costs, complexity of Generative AI systems, and a lack of clear, immediate benefits that deter smaller enterprises from making this technological leap.

Moreover, the detailed graphical representations delve deeper into the reasons behind the cautious adoption rates, suggesting that while Generative AI could revolutionize business processes by automating tasks and personalizing customer interactions, the groundwork for such transformative integration is not yet robust in many sectors. We observe that businesses are still on the fence about fully committing to Generative AI investments, possibly due to uncertainties about the return on investment and the challenges of integrating sophisticated AI tools into existing systems.

Conclusion and Forward-Looking Perspectives

The profound impact of Generative AI across small cap industries becomes evident, painting a picture of a future where this technology is not a mere facilitator but a fundamental driver of change. The synthesis of insights from diverse sectors reveals a multifaceted landscape where Generative AI acts as a harbinger of innovation, efficiency, and growth. The journey through this landscape, however, is marked by a spectrum of challenges that necessitate a balanced and conscientious approach.

Looking ahead, the trajectory of Generative AI holds immense promise, with the potential to redefine industries, spawn new paradigms of business, and catalyze societal progress. The realization of this potential, however, hinges on our collective ability to harness these

technologies responsibly and innovatively. As industries continue to evolve under the influence of Generative AI, a collaborative approach that involves technologists, industry leaders, policymakers, and academicians will be pivotal. Together, these stakeholders can navigate the complexities of this transformation, ensuring that the integration of Generative AI not only drives economic growth but also fosters societal well-being and ethical integrity.

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