
Editorial: Generative artificial intelligence and entrepreneurial performance

Editorial

853

Entrepreneurship is one of the best ways for people to achieve their personal and professional goals, build financial security and make positive contributions to society. However, entrepreneurs must clear significant barriers in order for their ventures to succeed. Whereas accessibility for different people despite their circumstances is a definitive conceptual aspect of entrepreneurship, the lack of necessary financial capital, critical expertise gaps and other kinds of missing resources or support can (and do) account for the difference between entrepreneurial success and failure. Moreover, in practical terms, the availability of such resources is not equitable. It varies for different entrepreneurs based on many different factors.

The advent of generative artificial intelligence (AI) has created new potentials for better equity, greater access and fuller democratization of vital entrepreneurial resources. However, many entrepreneurs do not understand how generative AI can be instrumental to entrepreneurial performance. There is no shortage of generative AI tools. They include Chat GPT, Stability AI, Claude AI, Fyber AI, Midjourney, OpenAI (Dall-E, Dall-E 2), Pictory AI, Synthesia and many more. In this editorial, we draw from our experiences and discuss some ways that entrepreneurs can use generative AI to improve venture performance capabilities and enlarge wealth creation capacities.

Content and asset generation

Generative AI can automate content creation for entrepreneurs. Such content includes website copy, social media posts, news articles, mission descriptions and policy statements. The initial results of such content generation are typically rough. The work thus benefits from additional editing for quality and accuracy. Yet overall, the efficiency and effectiveness gains are substantial. Going beyond text and simple imagery, generative AI tools can also enable entrepreneurs to generate 3D models and advanced graphic design elements. Previously, such firm assets were obtainable only through expensive solutions, took a lot of time to produce and required the work of specialists. However, generative AI tools can work at this level to create logos, websites, marketing materials and even artificial photographs and videos. Because of the low costs, high production efficiencies and good quality of the work, entrepreneurs can save more of their time and energy for core business activities and venture growth.

Automated operations

Automation is germane to wealth creation because it enhances operational efficiencies. Certain general aspects of marketing and customer support – in addition to accounting and back-office operations – can be automated by generative AI. There is a range of “conversational bots” that are accessible to small firms. All such tools are discoverable via online research. Generative AI is also a powerful tool for building predictive models of performance trajectories, workflow trends, business model automations and operational structures. The insights provided by such implementations of AI can streamline processes, reduce costs and raise one’s capacity for other important entrepreneurial work. With some



Journal of Small Business and
Enterprise Development
Vol. 30 No. 5, 2023
pp. 853-856
© Emerald Publishing Limited
1462-6004
DOI 10.1108/JSBED-09-2023-508

simple research of the available tools, entrepreneurs can learn to use no-code or low-code platforms to build and scale solutions with minimal technical expertise.

Novel venture ideation

Generative AI can track community and market patterns and identify problems and trends. It can also formulate new ideas and design product concepts in relation to those problems and trends. The power of generative AI stems from its ability to bring together knowledge and information from radically different domains in novel and original ways. Entrepreneurs without high levels of formal education can use generative AI tools to supplement creativity and ideation in practical ways. The effect can transform an average business idea into an original breakthrough. At least one generative AI-powered tool developed by the firm of the first author functions successfully in this way as a business intelligence application. Generative AI synthesizes data-driven insights, promotes process automation and utilizes rapid iterations, which can save time and money for entrepreneurs. Thus, it can indirectly subsidize creative entrepreneurial activities. Such an impact has implications for the financial performance of entrepreneurial firms.

Financial management

As explained above, generative AI can drive entrepreneurial performance by realizing practical cost savings. However, generative AI tools can also manage cashflow and undertake venture financial planning. These tools use language models that synthesize insights and data from the finance literature and various financial reporting sources into customized resource investment plans. Generative AI can analyze an entrepreneurial firm's financial situation and suggest ideas for budgeting, exit strategies, retirement planning and tax optimizations. Entrepreneurs can utilize automated wealth advisory assistants, based fully on generative AI, to inform their individual and firm-level investment decisions. Generative AI can also undertake accounting activities such as cash flow analysis and expense reporting in relation to assets, liabilities, savings, investment returns and debt repayment schedules.

Building startups

Because generative AI synthesizes large volumes of data from disparate sources, it can support the ideation and brainstorming of new business ideas. This utility derives from the use of discontinuous information about social and market problems, opportunities and trends. When such voluminous external information is combined with rich information about a firm's capabilities, it becomes possible for generative AI tools to produce comprehensive business plans. Such large documents are best regarded as rough drafts that need additional editing and composition. However, generative AI can undertake much of the intensive early-stage research required for a proper business plan. It can procure detailed current information about markets and customers, product specifications and pricing, practical logistics and distribution channels. Beyond these efficiency gains, entrepreneurs can validate the quality of the work as a foundation for strategic decision-making and actions. When it comes to high-technology entrepreneurial contexts, generative AI coding platforms can even build and launch minimal viable products for validation and testing.

Optimized operations

Generative AI can execute demand forecasts, make suggestions for lean manufacturing designs and produce information instrumental to maximizing profit margins. For entrepreneurial ventures in operation as going concerns, generative AI can offer

perspectives on strategic decision-making. It can also generate financial projections based on different assumptions. Necessary sales and marketing assets such as advertisements, email messages and website landing pages can be optimized based on generative AI running and re-running thousands of variations and iterations. The entrepreneur can select the best final options. Generative AI thus augments a firm's capacity for reducing operational costs by analyzing expenditures on such assets and revealing future cost-saving measures.

Acceleration and incubation

In entrepreneurial settings, wealth creation can accelerate exponentially via multiple revenue streams and the incubation and launch of side businesses. Entrepreneurs can utilize generative AI as an idea generator that supports the incubation of side hustles. It can take flywheel or portfolio-based approaches to diverse entrepreneurial side projects with asymmetric return profiles. With a systematic approach to evaluation across disparate domains, generative AI can delineate rudimentary foundations for business models that transcend industrial or community boundaries in novel ways. Such applications hold great promise for social enterprise settings, where cultural and anthropological information is vital. Regarding pre-launch side hustle projects, generative AI can provide perspective on proper timing based on financial information and market trends. It can also suggest practical portfolio compositions and individual project adjustments. Indeed, these applications can support the acceleration of wealth creation and the incubation of entrepreneurial side projects, which bolsters entrepreneurial robustness.

Ethics and risk management

Even as generative AI holds potential for democratizing wealth creation, there are several important ethical issues with the various applications we discuss in this editorial. First, an overreliance on algorithmic guidance can drive an ignorance of limitations and biases in the data utilized by generative AI. It is important for entrepreneurs to review and evaluate the results of AI-driven processes and applications. Relatedly, the essential logic of generative AI draws from what is common. Thus, its approach can clash with the logic of an entrepreneurial mindset, which is geared for reframing the known limits. Second, there are risks that generative AI can be used for negative purposes, such as financial misinformation, illegal activities or plagiarism. Transparency in AI model functionality, combined with ethical human oversight, is important to ensuring that generative AI is used responsibly.

Data privacy and the potential for personal information to be misused are also important to utilizing generative AI in entrepreneurial settings. One way to address this risk is via consent mechanisms and regulations. Intentional and appropriate regulation is important to safety, accountability, intelligibility and privacy. Safeguarding public trust is germane to any new and evolving technological application, but particularly so with generative AI. With such safeguards, generative AI can reliably empower entrepreneurs in ethical ways. It can serve as a powerful supportive tool for human judgment, rather than a replacement for it. As a powerful computational tool, it can help entrepreneurs perform, level the playing field in entrepreneurial environments and facilitate success for many different entrepreneurs.

Implications and conclusion

As generative AI becomes more advanced and sophisticated in the decades to come, its role is liable to evolve from being a supportive assistant toward being more of a coach, mentor or partner. From a research perspective, such an evolution promises to reframe the role of experience in entrepreneurial settings. The continued evolution of generative AI is also liable to blur and shift current boundaries around humans, firms and systems, heralding the need for a reformed understanding of entrepreneurial performance.

The field of entrepreneurship research is better positioned than any other field in the domain of business studies to engage and shed new light on these important trends. Generative AI opens radical new possibilities for entrepreneurs to achieve entrepreneurial success, make a social impact and create wealth. There is a growing need for multidisciplinary research to drive a better understanding of these possibilities. Such research will entail collaborative opportunities for technology developers, policymakers, entrepreneurs and educators. Its theoretic focus will emphasize the value of responsible and human-aligned utilization of generative AI tools that support entrepreneurial performance. The *Journal of Small Business and Enterprise Development* welcomes the submission of such research.

Hanah Tran and Patrick J. Murphy