

# Bridging Tradition and Digital Transformation: The Evolution of Family Businesses in the Modern Era

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## **Abstract:**

Digital transformation is reshaping industries worldwide, yet family businesses face unique challenges in balancing traditional leadership values with modern technological advancements. This study examines the perceptions of digital transformation among senior and next-generation leaders in family businesses, particularly in business sustainability, decision-making, and innovation adoption. The study aims to identify intergenerational differences and provide insights into how digital adoption impacts profitability, brand identity, and leadership in the evolving business landscape.

A descriptive research design was employed, focusing on family businesses in Central Luzon that have successfully passed leadership through at least four generations. The study utilized purposive sampling, selecting 15 family-run businesses with a total of 30 respondents, evenly split between Senior Generation Leaders (1st & 2nd generations) and Next-Generation Leaders (3rd & 4th generations). Data was collected using a self-made questionnaire, tested for validity and reliability, and analyzed using weighted mean for perception levels and an independent samples t-test to determine significant differences in generational perspectives on digital transformation.

Findings reveal a generational divide in digital adoption. Next-generation leaders demonstrate greater confidence in digital tools, perceiving them as crucial for sustainability, decision-making, and profitability. Senior leaders, however, remain cautious, especially in areas like revenue growth, automation, and digital marketing. A statistically significant difference was observed in business sustainability and decision-making, indicating younger leaders' strong belief in digital transformation as a key driver of business success. However, no significant difference was found in innovation adoption, suggesting a shared recognition of technological importance but potential challenges in implementation.

The study highlights the need for a structured digital transformation strategy to bridge generational gaps. Intergenerational collaboration through mentorship programs, leadership training, and change management initiatives is recommended to align traditional business expertise with digital advancements. Encouraging a culture of continuous innovation, adopting AI-driven decision-making, and forming a Digital Transformation Task Force will ensure family businesses remain competitive and resilient in the modern economy. A balanced approach that merges tradition with digital innovation is crucial for sustaining growth and preserving the legacy of family enterprises in the digital era.

## **Keywords:**

Digital Transformation, Family Businesses, Intergenerational Leadership, Innovation Adoption, Business Sustainability