

Toward Responsible Service Management

AI and Digital Transformation in Action

A hand is shown in silhouette, reaching out to interact with a glowing, circular digital interface. The interface consists of concentric rings and a central bright point, suggesting a futuristic or AI-driven environment. The background is a dark teal color with faint grid lines and geometric shapes.

Edited by

Hesam Olya

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EDITED BY

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The University of Sheffield, UK



United Kingdom – North America – Japan – India – Malaysia – China

Emerald Publishing Limited
Emerald Publishing, Floor 5, Northspring, 21-23 Wellington Street, Leeds LS1 4DL.

First edition 2025
Editorial matter and selection © 2025 Hesam Olya.

Individual chapters © 2025 The authors.
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British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

ISBN: 978-1-80262-964-4 (Print)
ISBN: 978-1-80262-963-7 (Online)
ISBN: 978-1-80262-965-1 (Epub)



INVESTOR IN PEOPLE

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Hesam Olya is Chair and Head of Marketing at The Sheffield University Management School, UK, recognised for his impactful contributions to responsible service management and digital sustainability. He seamlessly bridges academic rigour with real-world application, fostering innovative solutions to complex eco-societal challenges. Professor Olya is a leading voice in interdisciplinary research, driving collaborations that address critical issues at the intersection of culture, technology, and sustainability. His expertise encompasses a diverse range of methodologies, from quantitative and qualitative research to cutting-edge experimental techniques, including eye-tracking and facial emotion analysis.

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Introduction

Hesam Olya

The transformation to Service 4.0 is propelled by emerging technologies, characterised by the deployment of disruptive and sophisticated digital innovations. These technologies enable the provision of increasingly customised, integrated, and data-driven services. Service-dominant logic asserts that all actors within a service ecosystem should participate in co-creating value to enhance service efficiency and effectiveness. Yet, achieving this necessitates not only compliance with legal and ethical standards but also a deeper commitment to moral values. The novelty and complexity of digital transformation present considerable challenges in monitoring, auditing, and regulating these systems. While legal compliance is a necessary foundation, it is insufficient to guarantee the sustainability of complex, adaptive service systems. One potential solution lies in fostering a collaborative environment where all actors – social, economic, and institutional – engage **responsibly** in the management process. This approach demands a shift from merely meeting legal requirements to embedding ethics and moral responsibility into every facet of service design, delivery, and governance.

The concept of Responsible Service Management (RSM) remains under-explored. This book addresses this gap by defining RSM and showcasing its successful applications across diverse service domains. It offers a valuable opportunity to analyse the drivers and barriers to implementing RSM, discusses its governance, and explores its socio-economic impacts. While digital transformation can enhance service efficiency and financial outcomes, the human and societal implications – such as privacy, safety, and ethical concerns – must not be overlooked. For instance, AI algorithms can be designed to promote transparency, equity, fairness, and inclusivity. Similarly, innovative, nature-based solutions can mitigate the adverse impacts of disruptive technologies on communities and future societies.

This book, structured into three parts and comprising eleven chapters, provides novel insights into the varied yet interconnected mechanisms of RSM. Drawing on examples from around the world, it bridges the gap between theory and practice, offering a global perspective on the application of RSM. The first part, Responsible Digital Transformation: Concepts, Issues, and Prospects, examines the ethical and societal challenges posed by digital transformation. The second part, Responsible AI: From Conceptualisation to Application, focuses on

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doi:[10.1108/978-1-80262-963-720251001](https://doi.org/10.1108/978-1-80262-963-720251001)

actionable frameworks for responsible AI management. Finally, the third part, Challenges and Implications of Responsible Digital Transformation, highlights industry-specific applications, demonstrating the adaptability of RSM across different contexts.

As the first comprehensive book to focus on RSM in the age of AI and digital transformation, this volume answers critical questions: What is RSM? Why is it important? How does it work? What are its impacts? In doing so, it not only advances academic understanding but also equips practitioners, policymakers, and educators with the tools needed to navigate the complexities of Service 4.0 responsibly.

Part I: Responsible Digital Transformation: Concepts, Issues, and Prospects

This part explores the ethical and societal challenges of digital transformation, with Rosenbaum et al. providing an in-depth analysis of the negative impacts of digital technologies. Topics such as cyberbullying, algorithmic biases, and economic exploitation underscore the urgency of addressing the unintended consequences of digital platforms. Beech and Robin contribute by highlighting the lack of accountability in social commerce, urging social media companies (SMCs) to move beyond responsibility towards a sustainable ecosystem for customer-to-customer (C2C) interactions. Dalir discusses the types and classification of innovations in services. Subsequently, it critically reviews innovation theories and introduces the ‘Responsible Jobs to Be Done Theory’. Practical examples and insightful recommendations are provided to highlight the significance of the Responsible Jobs to Be Done theory. Raza-Ullah et al. expand the discourse by examining the ethical implications of virtual influencers, particularly their effects on mental health, consumer trust, and environmental sustainability. While this part effectively frames the ethical dilemmas of digital technologies, its reliance on conceptual overviews occasionally leaves practical solutions underexplored. For example, while recommendations such as AI monitoring and collaboration with governments are suggested, their implementation in diverse cultural or regulatory contexts need to be fully addressed. Nonetheless, this part successfully lays a foundation for understanding the broader societal implications of digital transformation and emphasises the shared responsibility of stakeholders to address these challenges. Next two parts focus on application and sector-specific examples.

Part II: Responsible AI: From Conceptualisation to Application

This part narrows the focus to responsible AI management, with Xiong, Wang, and Olya offering a sociotechnical framework for navigating ethical challenges in AI design and governance. By presenting an empirically grounded model, they delineate multifaceted responsibilities and governance mechanisms to guide

organisations in ethical AI practices. Eskridge and van Esch tackle service recovery strategies for AI malfunctions, providing practical tools like a severity-impact matrix for mitigating the adverse effects of AI failures. Cui and Warren examine how AI applications in services can undermine consumer trust through misinformation. It addresses both unintentional AI errors and deliberate disinformation, proposing a twofold strategy: back-end prevention and front-end mitigation. Real-world cases highlight the ethical and societal challenges of AI, offering insights for building trustworthy AI in Service 4.0. Akhshik and Akhshik contribute a unique environmental perspective by analysing AI's role in predicting public health risks, such as *E. coli* levels, while addressing the ethical dimensions of data bias and transparency. The strength of this part lies in its operationalisation of responsibility, moving from theoretical concerns to actionable insights. This part excels in offering structured pathways for organisations to manage AI responsibly, making it a valuable resource for practitioners and policymakers.

Part III: Challenges and Implications of Responsible Digital Transformation

This part applies the themes of responsibility and ethics to specific industries. Smith provides a critical examination of marketing to children in the digital age, highlighting how immersive advertising tactics exploit their vulnerability while calling for more stringent regulations and disclosures. Mahjoub and Kheybari explore the evolution of job advertisements, proposing a framework for ethical recruitment practices that prioritise transparency, inclusivity, and sustainability. Kim, Yuan, and Goh analyse the integrated resort sector in Macau, identifying enablers and barriers to technology-driven RSM, particularly in casino and hospitality settings. Part III's focus on industry-specific applications adds a practical dimension to the broader discussions of responsibility.

This book guides key stakeholders – service providers, policymakers, educators, and students – regarding the pivotal role of AI and digital transformation in shaping RSM. It not only illuminates the potential benefits but also critically examines the potential downsides of AI and digital transformation. By emphasising the responsible harnessing of technologies, this book seeks to promote fairness, equity, transparency, and inclusivity in the design, operation, and delivery of future social services. This approach ensures the long-term sustainability of these services (including their economic impact) while addressing the crucial ethical and societal implications.

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Part I

**Responsible Digital Transformation:
Concepts, Issues, and Prospects**

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Chapter 1

User Beware! The Dark Side of Digital Technologies

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Abstract

This chapter explores the negative aspects of digital technologies by exploring 10 topics that affect people across the world. These issues include privacy invasion and data misuse, cyberbullying, Internet Addiction, disinformation and misinformation, financial exploitation, fraud and extortion, location tracing and physical safety, algorithmic biases and discrimination, body image and bodily harm, and gig employment and economic exploitation. Although these 10 topics are not exhaustive, they do reflect concerns related to digital technologies and platforms that organisations, consumers, and nations must solve. As such, the authors provide organisations with potential solutions to each negative issue, with the limitation that no single solution will solve the stated problem. In many cases, the authors advise organisations to maintain clear and open policies in order to keep their present and potential users informed about policies. Furthermore, the authors encourage organisations to collaborate with local governments and law enforcement agencies to safeguard consumers from potential damage as well as when they are confronting personal danger related to a digital platform. Finally, the authors advise organisations to use artificial

intelligence to monitor their sites in real time to detect any irregularities that could endanger users.

Keywords: Digital technology; unintended consequences; consumer well-being; social media; data privacy

Introduction

Internet-based digital technologies encompass a wide range of apps (i.e. applications) accessible via the Internet, including social media apps, blogs, discussion boards, conferencing session tools, messaging services, online games, and so on. These digital technologies have a significant impact on people's daily lives and experiences. Indeed, digital technologies influence how people socialise (e.g. Facebook, Instagram, WhatsApp), shop (e.g. Amazon, eBay), play (e.g. Fortnite, TikTok, YouTube), mate/date (e.g. Grindr, Tinder, Bumble), communicate (e.g. Zoom, WhatsApp), seek medical assistance, engage in banking services, and learn (e.g. Coursera, Edx) (Rosenbaum et al., 2022). Overall, digital technologies have transformed consumer habits since their inception, benefiting many, particularly those with physical vulnerabilities or geographic isolation, and playing an important role during the global pandemic.

Despite the numerous benefits that digital technologies provide to people's lives, they also have the potential to harm both users and non-users, such as community members and national governments (Rosenbaum et al., 2022). Interestingly, nearly a century ago, Merton (1938) observed that the introduction of any new technology has unintended consequences, or unanticipated or unforeseen consequences, which are the outcomes of a deliberate action (i.e. commercial launch) that was not intended or foreseen. It is worth noting that in some cases, organisations may introduce digital technologies with the expectation that they will be used in ways other than their intended commercial purpose. However, we believe that intentional lapses in corporate social responsibility are rare and do not represent widespread organisational practices.

The purpose of this chapter is to discuss the 'dark side of digital technologies', which refers to the unintended, unanticipated, or unexpected consequences of commercially available digital technologies, specifically social media mobile applications, as well as corporate responses to these mishaps. This chapter discusses 10 different types of digital technology failures that affect the lives of consumers and societal members around the world. We then use the descriptive data to develop a conceptual framework for applying established practices to the unintended consequences of commercially available digital technologies. This framework is intended to help organisations understand how to deal with digital technology issues that arise following a commercial launch. Although the mishaps discussed in this chapter are not exhaustive, we believe they are timely examples of how Internet users and society members' lives have been and continue to be impacted daily. Fig. 1.1 illustrates and defines the 10 digital failures that impact contemporary consumers and that we discuss in-depth in this chapter.