

# VOLUME 8

FACULTY OF BUSINESS AND MANAGEMENT

**BULLETIN**



# FBM

## Insights



eISSN 2716-599X



772716 599000

e-ISSN 2716-599X

**FBM INSIGHTS**

**Faculty of Business and Management**

**Universiti Teknologi MARA Cawangan Kedah**

**e-ISSN 2716-599X**

The editorial board would like to express their heartfelt appreciation for the contributions made by the authors, co-authors and all who were involved in the publication of this bulletin.

Published by : Faculty of Business and Management,  
Universiti Teknologi MARA Cawangan Kedah

Published date : 20 October 2023

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## RECTOR'S MESSAGE



I would like to extend my gratitude for your visit to FBM Insights Volume 8, a publication brought forth by the esteemed Faculty of Business and Management, UiTM Kedah Branch. This bulletin endeavours to present a concise and beneficial collection of important insights and research findings derived from the domain of social sciences.

FBM Insights aims to simplify complex social science concepts into easily digestible bullet points, making valuable knowledge more accessible to a wider audience. In this bulletin, each article provides a glimpse into the diverse and dynamic world of social sciences, including psychology, sociology, economics, finance, and other pertinent fields. Through concise and informative summaries, the intention is to promote a deeper understanding of human behaviour, societal trends and the multifarious factors that shape our world.

My heartfelt appreciation is proffered to the dedicated researchers and scholars whose works form the foundation of this bulletin, contributing significantly to the ever-changing landscape of knowledge in social sciences. In navigating the modern era's challenges and opportunities, the intrinsic value of social science research in guiding policy decisions and fostering social cohesion cannot be overstated.

I sincerely hope that this bulletin will spark readers' curiosity and inspire them to delve deeper into the myriad facets of human society and behaviour. Irrespective of whether you are a student, educator, or policymaker, I firmly believe that this publication will serve as an invaluable resource in your quest for knowledge.

Once again, thank you for embarking on this journey of discovery with us. Together, let us explore the captivating world of social sciences and its profound impact on our lives.

Thank you.

*Prof. Dr. Roshima Haji Said*

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# EVALUATION OF ARTIFICIAL INTELLIGENCE'S IMPACT ON CUSTOMER SERVICE

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## ABSTRACT

Artificial intelligence (AI) has altered customer service by providing creative ways to enhance effectiveness, personalisation, and overall customer experience. By addressing recent studies and research, this paper examined the function of AI in customer service to evaluate how dominant it is in providing exceptional service. To ensure its long-term viability, it is critical to identify its limitations, notwithstanding its growing significance in the contemporary corporate scene. AI should be appropriately built, maintained, and monitored as a tool. In the context of customer service, AI is defined as a technologically enabled system that assesses real-time service scenarios using data gathered from digital and/or physical sources to provide personalised recommendations, alternatives, and solutions to even the extremely complex customer questions or problems.

**Keywords:** Artificial intelligence, customer service, technology, services

## INTRODUCTION

Recently, the use of AI technology has prompted a paradigm shift in how companies interact with their customers. The knowledge about how to deliver excellent customer service has increased because of AI's potential to analyse data, understand natural language, and learn from encounters. Shepherd and Majchrzak discovered in 2022 that AI was being used in the customer service industry to personalise messages to customers, automatically respond to their questions (using chatbots), react to their negative emotional reactions to improve the customer experience (via facial recognition), customise service (for example, using robots that speak most languages), and eventually increase delivery speed (by anticipating purchases) and security (for example, through voiceprint).

## LEVERAGING INNOVATIONS

To improve customer experience, some online shops, for example, use AI to add avatar icons or figures that resemble people or characters. A voice-activated human-like interface, such as an avatar, can draw customers to a company's website and encourage them to ask questions, show them how to use the online store, highlight special offers, and provide guidance. They can utilise these solutions to expand their pool of potential customers, better understand their demands, as well as speed up and modify their business processes (Shepherd & Majchrzak, 2022).

AI-powered chatbots and virtual assistants are being used more regularly to give clients quick service and to answer their questions. By 2023, chatbots are expected to contribute \$112 billion in retail sales, according to recent predictions. As their conversational capabilities advance, chatbots can assist businesses respond to changing consumer and market expectations (Chen et al., 2022).

Furthermore, AI is also increasingly being employed in marketing each year and in a variety of settings (Campbell et al., 2020). Businesses can use AI to collect and evaluate client data to create customised experiences, giving them a plethora of alternatives for interacting with, anticipating, and better understanding their customers. Examples include assisting in the

identification of the best promotions and providing customer assistance throughout client encounters.

According to Haleem et al. (2022), AI's predictive powers enable firms to foresee client wants and deal with problems before they occur. With the use of AI, it is now feasible to personalise content through observation, data collection, and analysis. This technology will analyse vast volumes of data and give advertisers practical and useful insights (Haleem et al., 2022).

By increasing productivity and lowering hazards, AI can also lower costs. However, previous findings suggest that the main obstacles preventing AI from reaching its full potential are AI adoption, task type, and AI management. This is due to AI's lack of social abilities. Therefore, future research needs to concentrate on enhancing AI's social abilities (Hang & Chen, 2022).

## **ISSUES AND MORAL CONSIDERATIONS**

Despite the many advantages, data privacy, bias, and transparency are problems with AI in customer support. However, the marketing sector is faced with its own AI-related concerns, much as doubts about AI continue to surround job automation, ethics, and corporate accountability. To allay these concerns, businesses must prioritise ethical AI practises and provide openness in their AI-driven interactions. Surprisingly, numerous managers claim they have yet to see a return on their AI investments (Campbell et al., 2020; Hang & Chen, 2022).

As a result of AI advancements, the chatbot has taken over a number of tasks that were previously handled by humans. Although businesses are increasingly embracing chatbots, customers still have some misgivings about using the tool, particularly when making purchases. Users may become frustrated if their demands are not addressed if there is no way to transition from a robotic engagement to human contact (Pereira et al., 2021).

In order to increase operational effectiveness and enhance customer experience, artificial intelligence (AI) is widely used in service firms. According to reports, most customers still prefer to connect with service employees in person (Prentice & Nguyen, 2020).

Findings by Xu et al. (2020) indicate that consumers were more likely to use AI for low-complexity tasks because they believed it was better at solving problems than human customer service. Meanwhile, they were more likely to use human customer service for high-complexity tasks because they believed it was superior.

The adoption of artificial intelligence (AI) in public administration is rapidly rising, fuelled by expectations for personalised, lean, and effective smart public services. However, there are significant ethical tensions with employing AI in public administration, which include justice, transparency, privacy, and human rights (Madan & Ashok, 2023).

## **CONCLUSION**

The application of AI in customer service is continually evolving, presenting companies with cutting-edge ways to streamline their processes and provide remarkable client experiences. Current studies and research, along with the most current developments in AI technology, highlight the growing significance of AI in determining the future direction of customer service. Businesses may carefully utilise AI to create enduring customer relationships and maintain competitiveness in an evolving business environment.

The findings reveal that consumers are more likely to use AI for low-level tasks. AI is being used more and more in customer service today as a human assistant to help overcome the limitations of traditional customer service. In addition to the incorporation of AI in customer service, human agents and AI can collaborate to give optimal services to consumers and boost productivity (Hang & Chen, 2022).

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