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## **Preface**

We have the pleasure to compile these proceedings of the 31<sup>st</sup> RARCS conference. The conference gives delegates the option to include either an extended abstract or a full paper in the conference proceedings. In addition, a book of one-page abstracts of all presentations is made available to delegates. Proceedings are only distributed among participants and are not submitted to any repositories. Copyright is not transferred. Thus, delegates can submit their work to journals, without facing any formal self-plagiarism issues.

We trust these proceedings and the book of abstracts are useful material for our delegates.

Soora Rasouli & Harry Timmermans  
Co-Chairs



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## Understanding the impact of technology interaction on dysfunctional consumer behavior

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**Abstract.** This study investigates how interactions with AI agents influence consumers' propensity for unethical behavior, addressing a gap in research on AI's role in ethical decision-making. Through two experimental studies, we examine whether AI interactions reduce perceptions of social judgment, thereby increasing consumer misconduct. Study 1 tested an online compensation request scenario, showing that AI-driven interactions lower moral scrutiny, leading to more unethical behaviors, with social judgment fully mediating this effect. Study 2 replicated these findings in an airline compensation request context with an increased monetary incentive, further confirming that AI interactions diminish accountability cues, fostering moral disengagement. Our research contributes to the literature on AI-mediated consumer behavior by integrating social judgment and moral disengagement theories, demonstrating that AI's depersonalized nature can weaken ethical decision-making. By advancing discussions on AI ethics and consumer decision-making, this study sheds light on the unintended consequences of AI-driven service environments.

*Keywords :* unethical behavior; artificial intelligence; social judgment; entitlement.

### Introduction

Extensive literature addresses undesirable customer behavior, commonly referred to as dysfunctional customer behavior, often characterized as immoral, unethical, dishonest, or aberrant (Campbell & Winterich, 2018). Such behavior can range from minor transgressions, such as lying, to more serious offenses, including abusive communication and theft. Typically, such behavior has adverse effects on companies, resulting in financial losses, causing physical and psychological repercussions for frontline employees (Reynolds & Harris, 2009). As a psychological and social phenomenon with significant economic implications, there has been considerable effort to understand the drivers, psychological triggers, contexts, consequences and underlying processes. Specifically, these drivers encompass diverse factors, such as the pursuit of emotional gratification and the absence of moral constraints, characteristics of the servicescape, the nature of the customer-retailer relationship and psychographic variables (Li *et al.*, 2024; Reynolds & Harris, 2009). In the context of services and retail, many dysfunctional behaviors involve direct interaction between the company and the customer, occurring across online and offline environments, including smart

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retailing settings. However, studies assessing the impact of emerging technologies on consumers' dysfunctional behaviors remain scarce. Existing research suggests that interactions with artificial intelligence (AI) may increase the likelihood of consumers engaging in dysfunctional behavior due to the absence of selfish intentions (Garvey *et al.*, 2023), reduced feelings of guilt when interacting with a non-human agent (Giroux *et al.*, 2022; Kim *et al.*, 2023) and heightened moral disengagement (Lei *et al.*, 2024).

Our research aims to shed light on additional explanatory factors that could deepen our understanding of a heightened propensity to engage in unethical behaviors when interacting with AI, as opposed to human employees. Specifically, our model includes psychological entitlement and social judgment. Individuals who feel entitled perceive themselves as more deserving of positive outcomes than others (Campbell *et al.*, 2004). Such feelings of entitlement are also associated with expectations of receiving benefits and preferential treatment (Grubbs & Exline, 2016; Harvey & Martinko, 2009). Furthermore, technological entitlement has been found to predict computer abuse behaviors (Amo *et al.*, 2022). Similarly, when consumers are aware that they are interacting with AI agents, their perceptions of being socially judged diminish, which, in turn, increases the likelihood of engaging in unethical behavior (Li *et al.*, 2024).

In this study, we propose that interacting with an AI agent instead of a human agent elicits feelings of entitlement and reduces perceived social judgment, thereby increasing the acceptability of unethical behavior. This research contributes to existing theory by comparing interactions with an AI chatbot versus human assistance via chat. While much of the existing literature attributes differences in consumer behavior to varying levels of technology anthropomorphism (e.g., Kim *et al.*, 2023; Lei *et al.*, 2024), we explore alternative explanatory mechanisms to better understand what drives consumers to adopt unethical behavior in the context of smart services and retail technologies. Our findings hold relevance not only for scholars in marketing/psychology but also for retailers and service providers seeking to mitigate unethical consumer responses, and policymakers interested in the potential societal consequences of AI-mediated interactions.

## Literature review

Overall, the literature suggests that humans tend to exhibit more dysfunctional and unethical behaviors when interacting with artificial intelligence compared to interactions with human beings (e.g., Dootson *et al.*, 2023). Potential explanations for this phenomenon include a reduced sense of guilt (Kim *et al.*, 2023; Giroux *et al.*, 2022) and moral disengagement that emerges from interacting with agents not perceived as humans (Lei *et al.*, 2024). Although individuals may attribute some level of mind or agency to non-human entities such as AI agents and robots, this level is commonly perceived to be significantly lower than that of human cognition (Pitardi *et al.*, 2022). Based on this, we posit that in situations where individuals interact with a chatbot rather than a human employee, consumers will be more inclined to adopt unethical behaviors toward the AI agent. Accordingly, we hypothesize:

**H1:** *Interaction with an AI agent (vs. a human employee) will enhance consumer intentions to engage in unethical behavior.*

Ethical judgment refers to the extent to which a behavior or situation is considered morally acceptable (Reidenbach & Robin, 1990). Ethical judgments are susceptible to biases, influenced by contextual factors and can significantly affect consumer responses (Moraes *et al.*, 2020). Humans tend to be naturally concerned about being judged by others, whereas AI agents are typically perceived as having a reduced capacity to evaluate what is socially or ethically appropriate (Kim *et al.*, 2022). Possible explanations for this perception include the assumption that AI lacks the ability to form deliberate judgments (Li *et al.*, 2024), or that interactions with AI, as opposed to human third parties, evoke fewer moral concerns (Giroux *et al.*, 2022). Drawing from this prior literature, we propose that in customer service interactions, consumers are more likely to attribute social judgment to situations involving frontline employees than those involving technology, such as chatbots or AI agents. Therefore, we suggest that:

**H2:** *Perceptions of social judgment mediate the relationship between interaction with an AI agent and consumer intentions to engage in unethical behavior.*

Another potential explanatory mechanism for the impact of AI on consumer unethical behavior is psychological entitlement. Psychological entitlement refers to a general belief that individuals deserve more credit and are more entitled to positive outcomes than others (Campbell *et al.*, 2004; Fisk & Neville, 2011). Entitled individuals are more likely to disregard rules or instructions (Zitek & Jordan, 2017). Moreover, those with higher levels of entitlement tend to believe they deserve valuable resources, preferential rewards and privileged treatment, often without regard to their actual performance or merit relative to others (Grubbs & Exline, 2016; Harvey & Martinko, 2009).

Importantly, feelings of entitlement can also arise in interactions with technology. For instance, technological entitlement has been shown to predict computer abuse behavior (Amo *et al.* 2022). Previous research further suggests that deviant and unethical behaviors are more likely to occur when individuals perceive themselves to be in positions of power (Dubois *et al.*, 2015), interacting with AI agents may enhance consumers' perceived power and sense of entitlement, as the non-human nature of the interaction can shift perceived relational dynamics. Based on this rationale, we suggest that consumers interacting with AI are more likely to feel entitled to greater compensation and preferential treatment than those interacting with human employees. Hence, we suggest the following hypothesis:

**H3:** *Feelings of entitlement mediate the relationship between interaction with an AI agent and consumer intentions to engage in unethical behavior.*

## Methodology

### Study 1

**RESEARCH DESIGN AND SAMPLE** – A single-factor between-subjects design was used to test the hypotheses. Participants were randomly assigned to one of two conditions: in the first, they read a scenario in which a consumer (Sam) requested compensation from a human employee; in the second, Sam interacted with an AI chatbot for the same purpose. The scenario was set in a service context where an airline had lost Sam's suitcase. Sam sought compensation via the company's website. The estimated value of the lost possessions was approximately 500 Euros, but the airline allowed reimbursement requests of up to 1,000 Euros. Since the request process was self-reported, no proof of the actual loss amount was required. After being assigned to one of the two conditions, participants were asked how much compensation they believed Sam should request from the airline. This third-person technique, based on previous research, allows respondents to project their attitudes onto a third party to explain that person's behavior (Dootson *et al.*, 2022). Additionally, a similar question was included to assess how much compensation participants themselves would request in the same situation. To evaluate the acceptability of unethical behavior, participants were also asked whether they believed overstating the compensation request was justified (Schafers *et al.*, 2016). The research design included two control variables: AI Avoidance (Whenever possible avoid using Artificial Intelligence technologies) and AI familiarity (I am used to interacting with Artificial Intelligence technologies such as ChatBots). Demographic information was also collected. Data were gathered using an online panel (Prolific), where participants received a small financial compensation for their participation. Screening variables included language proficiency (English) and location (UK).

**RESULTS** - A total of 94 valid responses were collected ( $M_{age} = 43$  years old, 50% female). Participants reported being familiar with using AI agents in consumption situations ( $M = 4.49$ ,  $SD = 1.73$ ). They also reported a moderated tendency to avoid AI ( $M = 4.06$ ,  $SD = 2.06$ ); however, neither AI avoidance ( $t = .186$ ,  $p = .852$ ) nor familiarity ( $t = -.235$ ,  $p = .814$ ) were significant covariates in the model. The manipulation check confirmed that the experimental conditions worked as intended ( $t = -10.403$ ,  $p = .001$ ). Participants

in the human interaction condition perceived that they were being assisted by a person ( $M = 3.18$ ,  $SD = 2.32$ ), while those in the AI interaction condition reported being assisted by an AI agent ( $M = 6.84$ ,  $SD = .48$ ). The main effect was significant ( $t = -2.060$ ,  $p = .042$ ), indicating that respondents believed Sam should request a higher compensation amount when interacting with an AI chatbot ( $M = 807.49$ ,  $SD = 197.57$ ) compared to when assisted by a human employee ( $M = 726.14$ ,  $SD = 185.26$ ). The acceptance of unethical behavior was marginally significant ( $t = -1.69$ ,  $p = 0.097$ ), with lower acceptance in the human condition ( $M = 3.67$ ,  $SD = 2.38$ ) compared to the AI condition ( $M = 4.51$ ,  $SD = 2.44$ ).

## Study 2

**RESEARCH DESIGN AND SAMPLE** - Study 2 aimed to examine the potential explanatory mechanisms underlying consumers' increased propensity for unethical behavior when interacting with an AI agent compared to a human employee. A single-factor, between-subjects experimental design was employed. The manipulation closely followed that of Study 1, with minor textual adjustments. As in the previous study, the scenario involved an airline losing Sam's luggage, prompting the customer to request financial compensation online, either through an AI agent or a human employee. One notable change was an increase in the maximum compensation amount from 1,000 to 1,500 Euros. Additionally, we introduced the following measures: a 3-item scale to assess social judgment (Li *et al.*, 2024) and a 9-item scale to measure psychological entitlement (Campbel *et al.*, 2004). Furthermore, we included a 3-item scale to evaluate perceptions of accountability (Mero *et al.*, 2012) and a 4-item scale to assess dehumanization (Alnuaimi *et al.*, 2010) as control variables. Data collection was conducted via Prolific, using the same screening criteria and financial compensation as in Study 1.

**RESULTS** - The sample encompassed 178 respondents ( $M_{age} = 42$  years old, 49% female). Participants reported being familiar with AI agents in consumption situations ( $M = 4.76$ ,  $SD = 1.70$ ) while exhibiting moderate levels of AI avoidance ( $M = 3.87$ ,  $SD = 1.92$ ). Control variables, including AI familiarity ( $t = -.88$ ,  $p = .378$ ), AI avoidance ( $t = -.821$ ,  $p = .413$ ) and perceptions of accountability ( $t = .879$ ,  $p = .380$ ), were not significant. However, there was a significant difference in perceptions of dehumanization across conditions ( $t = -10.68$ ,  $p = .001$ ), leading us to include it as a covariate in further analyses. The manipulation was significant ( $t = -19.979$ ,  $p = .001$ ), with participants in the human employee condition perceiving they would be assisted by a person ( $M = 1.93$ ,  $SD = 1.48$ ), while participants in the technology condition reported being assisted by an AI agent ( $M = 6.31$ ,  $SD = 1.45$ ). The main effect was not significant when considering how much money Sam would ask ( $t = .028$ ,  $p = .868$ ), nor when participants considered themselves in the situation ( $t = .066$ ,  $p = .797$ ). When analyzing the average compensation amount participants reported, the results suggest that lower levels of reimbursement would be associated with the human condition ( $M_{Sam} = 933.56$ ,  $SD = 333.50$ ;  $M_{me} = 690.78$ ,  $SD = 293.19$ ) compared to higher levels of compensation reported in the AI scenario ( $M_{Sam} = 983.30$ ,  $SD = 344.76$ ;  $M_{me} = 759.02$ ,  $SD = 365.94$ ). Nonetheless, these results were not statistically different.

To test the mediation, we used Model 6 of Process Macro in SPSS. The dependent variable was the amount of compensation participants would request from the airline and the sequential mediation included perceptions of social judgment and unethical behavior acceptability. Path *a* was significant ( $\alpha = -.211$ ,  $t = -2.140$ ,  $p = .034$ ), as was path *b* ( $\alpha = -.281$ ,  $t = -3.585$ ,  $p = .001$ ). The direct effect was not significant ( $\alpha = -.24.115$ ,  $t = -.483$ ,  $p = .629$ ), but the indirect effect confirmed a full mediation of social judgment and unethical behavior acceptance ( $\alpha = .070$ ,  $LLCI = .008$ ,  $ULCI = .156$ ). In other words, when interacting with an AI agent, consumers experience a reduced sense of social judgment, which increases acceptability and intentions to adopt unethical behavior compared to an interaction with a human employee.

The second mediation analysis followed the same model; however, instead of social judgement, the sequential mediation began with feelings of entitlement. Path *a* was not significant ( $\alpha = .092$ ,  $t = 1.590$ ,  $p =$

.114). Path  $b$  was significant ( $\alpha = .393, t = 2.911, p = .004$ ). Both the direct effect ( $\alpha = -6.446, t = -.129, p = .897$ ) and the indirect effect ( $\alpha = .037, LLCI = -.017, ULCI = .111$ ) were not significant. Therefore, the mediation of entitlement was not supported.

## Conclusions and discussion

Our study contributes to the growing body of literature on dysfunctional consumer behavior by highlighting how interactions with AI agents influence consumers propensity for unethical actions. While previous research has primarily focused on consumer behavior in traditional human interactions or on the effects of overt versus undisclosed IA identity, our findings provide empirical support for the notion that AI interactions may exacerbate dysfunctional tendencies. Specifically, we extend existing theories on entitlement and social judgment by demonstrating how AI-driven interactions create an environment where consumers feel more justified in engaging in unethical behaviors. In doing so, we offer a nuanced perspective on how the depersonalized nature of AI agents shapes consumer psychology and decision-making.

One of our key contributions lies in demonstrating how AI interactions diminish social judgment cues, thereby increasing consumers' willingness to engage in unethical behavior. Prior research suggests that AI reduces anticipatory guilt, which promotes unethical consumer behavior (Kim *et al.*, 2023). Similarly, the lack of perceived human observation or judgment when interacting with AI agents lowers consumers' internal moral restraints, making unethical behaviors feel less consequential (Giroux *et al.*, 2022). Our study builds upon these findings by incorporating social judgment theory, as proposed by Li *et al.* (2024), suggesting that AI interactions play a critical role in consumers' ethical decision-making. When consumers perceive reduced scrutiny in AI interactions, their likelihood of engaging in deceptive or dishonest behavior increases, underscoring the ethical challenges posed by AI implementation in commercial settings.

Moreover, we contribute to ongoing discussions on the role of AI agents and their boundary conditions in shaping consumer morality (Lei *et al.*, 2024). Our findings suggest that AI engagement disrupts traditional consumer norms by creating environments in which social accountability is diminished. Unlike human service representatives, who provide cues for ethical behavior, AI agents lack the moral presence necessary to deter consumer misconduct. This insight highlights the need for businesses to consider how different AI implementations influence consumer behavior and ethical responsibility.

Additionally, we contribute to research on psychological entitlement in AI-driven environments. Contrary to prior literature suggesting that interactions with AI agents trigger heightened feelings of entitlement, our findings indicate that entitlement does not necessarily lead to a greater likelihood of unethical behavior. This result challenges existing research indicating that entitled individuals are more likely to justify selfish actions (Campbell *et al.*, 2004) or that technological entitlement predicts abusive digital behavior (Amo *et al.*, 2022). If entitlement is not the explanatory mechanism driving consumer misconduct in AI interactions, further research is needed to identify the underlying variables influencing this complex phenomenon.

Beyond theoretical advancements, our study has practical implications for retailers, policymakers and AI developers. Retailers leveraging AI-powered customer service tools must recognize the potential for increased unethical behavior and design systems that mitigate this risk. Strategies such as incorporating subtle humanizing elements into AI agents, enhancing transparency about monitoring mechanisms, or implementing behavior deterrents could help curb consumer misconduct. Policymakers may also use these findings to advocate for guidelines that ensure AI implementations do not inadvertently encourage dishonest or harmful behaviors. By addressing these concerns, organizations can create AI-driven service environments that balance efficiency with ethical considerations.

In sum, our research broadens the theoretical discourse on AI and consumer ethics by shifting the focus from technology anthropomorphism to psychological entitlement, moral disengagement and social judgment as explanatory variables. By integrating these mechanisms into discussions of AI-mediated consumer interactions, we provide a more comprehensive understanding of the ethical challenges emerging in smart retail and AI-driven services. Considering the theoretical and methodological limitations of this research, we suggest that future studies employ more diverse datasets, particularly in terms of AI familiarity and cultural background, as these factors may influence consumers' propensity to adopt dysfunctional behavior. Furthermore, future research could incorporate additional control variables, such as moral identity or perceptions of warmth and competence associated with AI agents. Finally, future studies should examine boundary conditions that help explain the nuances of AI's impact on consumer unethical behavior. Variables such as power perceptions (high vs. low) or the type of touchpoint (face-to-face vs. online) could influence how consumers respond to AI and human interactions. Additionally, future research should explore how different AI design features, such as transparency regarding AI agency, influence consumer morality, ultimately informing the responsible deployment of AI in commercial settings.

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