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Maslahah-Based Ethical AI For Sustainable MSME Empowerment in the Islamic Economy

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ABSTRACT: The development of Artificial Intelligence (AI) has brought significant changes to the transformation of the digital economy, including the Micro, Small, and Medium Enterprises (MSMEs) sector. AI presents various opportunities for MSMEs to increase operational efficiency, expand market access, and enhance business competitiveness through the utilization of data-driven digital technology. However, the development of AI also creates various ethical challenges such as algorithmic bias, data privacy violations, digital disparity, and the potential inequality of small business groups that have limited access to technology. Therefore, an ethical approach is needed that is not only oriented toward technological efficiency but also prioritizes social justice and public welfare. This study aims to analyze the concept of *Maslahah*-Based Ethical AI as a value-based approach in an effort to support sustainable MSME empowerment from the perspective of Islamic economics. This study uses a qualitative approach with a literature review method by examining various scientific literatures related to Artificial Intelligence (AI), Ethical AI, digital transformation, MSME empowerment, and the concept of *maslahah* in Islamic economics. The results show that AI has great potential in supporting the transformation of MSMEs toward a more modern, adaptive, and sustainable business model. However, the implementation of AI must be based on ethical AI principles, namely fairness, transparency, accountability, and privacy, so as not to create new social inequalities. In the context of the Islamic economy, the concept of *maslahah* provides an ethical foundation that prioritizes public interest, social justice, inclusivity, and public welfare as the main orientation in the development of Artificial Intelligence (AI). The integration between ethical AI and *maslahah* principles produces the concept of *Maslahah*-Based Ethical AI as an alternative paradigm in digital technology governance that is more humanistic, fair, and sustainable.

KEYWORDS: Artificial Intelligence; Ethical AI; *Maslahah*; MSMEs; Islamic Economy; Sustainability.

I. INTRODUCTION

The development of Artificial Intelligence (AI) over the last few decades has increased significantly and become one of the most influential technological innovations across various sectors of life. The presence of AI has driven transformation in many fields through improved efficiency, accelerated data processing, and the creation of innovations that support human activities in a more effective and modern manner. AI is a technology designed to imitate human intellectual capabilities through computer systems, enabling it to understand information, make adaptive decisions, and complete various tasks ranging from simple to complex (Mahajan, 2023). These developments have positioned AI as a strategic technology that plays an important role in supporting digital transformation in the modern era.

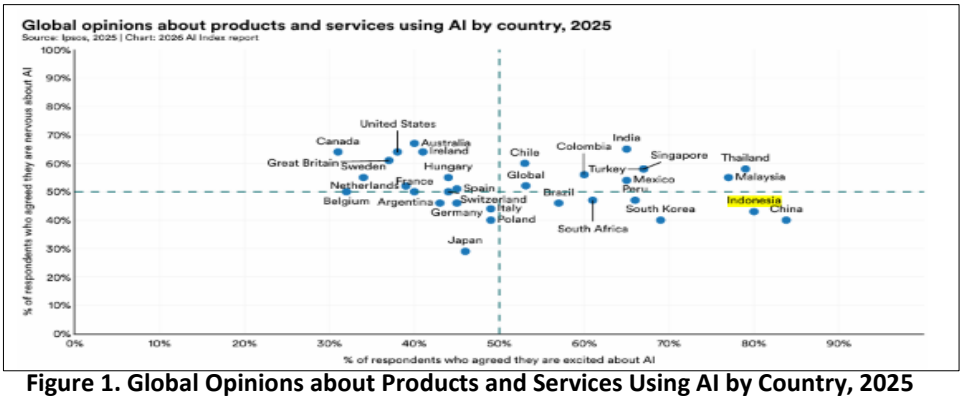


Figure 1. Global Opinions about Products and Services Using AI by Country, 2025

The development of AI has also been accompanied by increasing public enthusiasm toward the use of this technology, including in Indonesia. Based on the 2025 global opinion graph regarding AI-based products and services, around 80% of respondents in Indonesia stated that they felt enthusiastic about AI development. On the other hand, the level of concern among respondents was below 50%, approximately 45% (HAI Stanford University, 2026). These data indicate that Indonesian respondents tend to have a more positive view of the use of Artificial Intelligence (AI) compared to concerns about its risks. The high level of public acceptance of AI demonstrates that this technology has significant potential to continue developing in support of digital transformation across various sectors.

In the economic sector, AI as one of the main components in the industrial era 4.0 has brought changes to business management patterns that are increasingly technology-based. Through automation and data analysis capabilities, AI is able to simplify operational processes, shorten work completion time, and support more effective decision-making (Adel, 2025). This shows that AI development is increasingly playing an important role in supporting business transformation in the digital era, including for Micro, Small, and Medium Enterprises (MSMEs), which are one of the main pillars of the Indonesian economy. MSMEs, as the backbone of the national economy, still face major challenges in surviving amid increasingly competitive market conditions. Therefore, the utilization of digital platforms becomes an important step in supporting sales, marketing, and interaction with consumers to expand market reach and increase business visibility usaha (Purwati et al., 2025; Putra et al., 2024). In this context, the utilization of AI serves not only as a supporting technology for business operations, but also as an innovation that helps MSME actors manage their businesses in more effective and efficient manners.

In addition, the increasing use of AI in economic activities has also given rise to various new challenges, including technological dependence, data security, and changes in work patterns within modern business activities. This certainly demands readiness in technology management so that its utilization remains responsible and does not pose social risks in the future. AI plays an important role for MSMEs, but despite the various conveniences it offers, many MSME actors still face difficulties in adapting to technological developments and continuously evolving business models. Limited ability to utilize technology, low digital literacy and entrepreneurial skills, and limited access to supporting facilities remain challenges in promoting sustainable business development (Titin et al., 2025).

The implementation of Artificial Intelligence (AI) also presents various ethical issues that require serious attention. AI systems are fundamentally not entirely neutral, because the use of certain algorithms has the potential to replicate or even expand social inequalities due to bias in data processing. In addition, issues related to data security and transparency in technological systems are also important concerns in the utilization of AI within economic and business activities (Argote et al., 2025). These issues have encouraged the development of the concept of Ethical AI as an approach to ensure that the development and implementation of AI are carried out responsibly, transparently, and oriented toward human values.

The discourse on Ethical AI has so far been largely dominated by Western perspectives that emphasize principles such as transparency, accountability, privacy, and technology governance. Although these principles are important, they tend to focus on technical and regulatory aspects and therefore do not fully consider the moral and spiritual dimensions of technology use. Several studies have begun to examine the relationship between AI and Islamic values. Ezieddin Elmahjub, for example, in his study entitled “Artificial Intelligence (AI) in Islamic Ethics: Towards Pluralist Ethical Benchmarking for AI,” discusses how AI development requires an ethical approach that is not only centered on Western perspectives but also considers moral and spiritual values from various traditions, including Islam. In the study, Islamic ethics are viewed as having an important contribution in building an AI governance that is more humanistic and oriented toward public welfare. However, the research mainly discusses philosophical, moral, and conceptual aspects regarding how Islam can provide an alternative ethical approach to modern AI development (Elmahjub, 2023).

Mohamad Ghozali et al., in their study entitled “Digital Islamic Economy Based on Maslahah Mursalah: Implications for Law, Regulation, and the Sustainability of the Halal Industry,” discuss how the concept of maslahah mursalah can serve as a foundation for building sustainable Islamic digital economic governance. The study emphasizes that digital economic development must remain aligned with sharia values, public welfare, and Islamic ethical principles. The research mainly focuses on digital economic regulation, halal digital governance, Islamic fintech, blockchain, and institutional policies within the Islamic digital economy (Ghozali et al., 2026).

Atie Rachmiatie et al., in their study entitled “Artificial Intelligence as a Catalyst for Sustainable MSME Development in the Halal and Green Economy,” discuss how AI is used as an instrument for empowering MSMEs within the context of the halal economy and green economy. The primary focus of the study is on training, mentoring, and improving MSMEs’ digital literacy so that they can utilize AI for digital marketing, content development, and strengthening business competitiveness. The study emphasizes the practical aspects of AI utilization, such as digital content development, social media promotion, and improving technological literacy among MSME actors (Rachmiatie et al., 2025).

Although these studies demonstrate the relationship between AI, the Islamic digital economy, and MSME development, studies that specifically integrate the concepts of Ethical AI, the principle of maslahah, and sustainable MSME empowerment are still relatively limited. Research on AI from an Islamic perspective generally still focuses on philosophical aspects and technology governance in general, while research on MSMEs tends to position AI primarily as an instrument of efficiency and business innovation. In fact, AI development also raises serious challenges related to algorithmic bias, data security, and digital inequality that may affect the sustainability of MSMEs within the digital economic ecosystem.

Based on this background, this study aims to analyze the concept of *Maslahah*-Based Ethical AI as an ethical approach in supporting sustainable MSME empowerment from the perspective of Islamic economics. The novelty of this study lies in the integration of the *maslahah* concept into the Ethical AI discourse as an ethical foundation in the digital transformation of MSMEs. This study offers Maslahah-Based Ethical AI as an alternative paradigm in AI governance that is not only oriented toward technological efficiency but also places social benefits, economic justice, public welfare, and sustainability as the main goals within the framework of the Islamic economy.

II. LITERATURE REVIEW

Artificial Intelligence (AI) has become one of the main driving forces behind digital economic transformation across various sectors, including Micro, Small, and Medium Enterprises (MSMEs). AI refers to the ability of computer systems to imitate and even enhance human intellectual abilities, such as decision-making, problem-solving, and language understanding and processing (Latipah et al., 2025). In the digital economy context, AI encourages the creation of more flexible and data-driven business innovation models. The advancement of AI enables business processes to operate more optimally, resulting in its increasingly widespread application in various modern economic sectors. Therefore, AI has become one of the essential components supporting digital transformation in the Industrial Revolution 4.0 era.

The advancement of AI technology has brought major changes to the business landscape for Micro, Small, and Medium Enterprises (MSMEs), particularly in fostering innovation, maximizing operational performance, and accelerating digital transformation processes (Binsar et al., 2026). Amid increasingly competitive business dynamics, the implementation of AI-based strategies has become increasingly crucial and strategic for MSMEs in maintaining and improving competitiveness sustainably. AI helps MSMEs reach consumers more easily through digital platforms. AI is utilized by MSMEs in various forms, such as customer service chatbots, product recommendation systems, algorithm-based digital marketing, market trend analysis, and inventory management automation. Artificial Intelligence (AI) provides broad opportunities to improve operational efficiency while also accelerating innovation in various business aspects (Suharto, 2025).

Nevertheless, not all MSME actors have adequate levels of readiness and capability in utilizing AI. Low digital literacy, limited technological infrastructure, lack of access to training, and capital constraints remain major obstacles in implementing AI in MSMEs. In addition, lack of technological skills, high data needs, human resource hesitation toward using AI, and limited AI solutions that match MSME needs are also challenges in the digital technology implementation process (Mohib et al., 2025). This condition indicates that the development of AI not only brings economic opportunities but also gives rise to social issues and digital inequality. Therefore, the utilization of AI in empowering MSMEs requires not only an economic-efficiency-oriented approach but also pays attention to the aspects of justice, inclusivity, and social sustainability.

The strengthening utilization of AI in various sectors has increased attention toward the importance of applying ethical AI principles in the development and implementation process of the technology. The concept of ethical AI encompasses various principles and practices aimed at ensuring that AI technology is developed and utilized responsibly so that it can provide benefits to society without causing adverse effects. The utilization of AI demands a balance between technological development and compliance with ethical standards aligned with human values and social norms prevailing in society (Ayinla et al., 2024).

Discussions regarding ethical AI continue to develop as a response to the increasing risks arising from the widespread utilization of AI in economic and social systems. Although AI is capable of driving increased efficiency and productivity, this technology also harbors potential problems such as algorithmic bias, digital discrimination, data privacy violations, information manipulation, and unequal access to technology. This confirms the growing urgency for responsible AI development supported by a clear and comprehensive governance framework (farahani & Ghasemi, 2024). These issues simultaneously show that AI cannot be viewed as a completely neutral technology, because the way it works is highly influenced by data, system design, and the interests of the parties developing it.

From the practical stand point, ethical AI is generally based on several core principles, namely fairness, transparency, accountability, and data privacy protection. The principle of fairness emphasizes that AI systems must not produce discriminatory treatment toward certain groups. The principle of transparency relates to the openness of AI systems, so that decision-making processes can be clearly understood. The principle of accountability emphasizes responsibility for the impacts caused by the use

of AI. Meanwhile, the principle of privacy focuses on protecting user data from misuse and exploitation (Akinrinola et al., 2024). Thus, ethical AI requires a more holistic approach that positions technology not merely as an instrument of economic efficiency, but also as a means to create social justice and sustainable public welfare.

From the perspective of Islamic economics, all economic activities fundamentally aim to achieve maslahah (public benefit) and avoid mafsadah (harm). The concept of maslahah is one of the core principles in maqashid sharia, oriented toward safeguarding human welfare and benefit in various aspects of life. Therefore, maslahah plays a highly important role as an ethical foundation in economic activities, including the development of modern technology. In general, maslahah is understood as a form of goodness and benefit that protects human interests, both individually and collectively. In maqashid sharia, maslahah is related to the protection of five fundamental aspects of human life: religion (hifzh ad-din), life (hifzh an-nafs), intellect (hifzh al-'aql), lineage (hifzh an-nasl), and wealth (hifzh al-mal) (Mafiah & Hidayati, 2023).

In the context of the modern economy, the concept of maslahah has strong relevance to the development of digital technology, including AI (Harefa, 2025). In the Islamic perspective, technology is not viewed as value-neutral, but rather as a tool that must be utilized to create social benefit and improve human welfare. Therefore, the utilization of technology must always remain within the framework of ethics, social responsibility, and economic justice. The principle of maslahah emphasizes the need for balance between innovation and efforts to protect public interests (Mustapha & Malkan, 2025).

Technology should not merely be utilized for the accumulation of economic profit, but should also reduce social inequality, protect vulnerable groups, and ensure a fairer distribution of benefits. In the context of AI, the maslahah approach can be implemented through the development of inclusive technology, responsible data governance, mitigation of algorithmic bias, and the utilization of AI to improve social welfare. Thus, the concept of maslahah offers a more comprehensive ethical framework for understanding the development of modern technology.

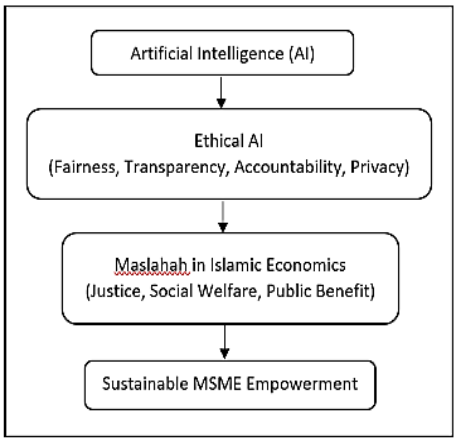


Figure 2. Conceptual Framework

The above figure illustrates the conceptual framework that the researcher developed to describe the relationship between Artificial Intelligence (AI), ethical AI principles, the concept of maslahah in Islamic economics, and the realization of sustainable MSME empowerment. This framework explains that the use of AI technology in MSME development should not only be oriented toward technological advancement and business efficiency, but must also consider ethical values and Islamic principles in order to produce sustainable social impacts. In the first stage, AI is positioned as the main factor driving MSME transformation through digitalization, automation, and data-based decision-making. However, AI implementation cannot function properly without an ethical foundation. Therefore, the second stage places the concept of ethical AI, which includes the principles of fairness, transparency, accountability, and privacy. These principles serve as the basis for ensuring that AI utilization is fair, transparent, responsible, and protective of the data security of users and MSME actors. Furthermore, the concept of ethical AI is integrated with the value of maslahah in Islamic economics, which emphasizes justice, social welfare, and public benefit. Within this framework, AI is not only used to increase economic profits, but is also directed toward creating broader benefits for society, reducing inequality, and supporting collective welfare in accordance with sharia principles. Thus, the integration between ethical AI and the value of maslahah is expected to create sustainable MSME empowerment.

III. METHOD

This study employs a qualitative method with a literature review approach to analyze the concept of ethical AI in sustainable MSME empowerment and its relevance to the principle of *maslahah* in Islamic economics. The literature review approach was

selected because this research is oriented toward conceptual development and the integration of theories from various scientific studies related to Artificial Intelligence (AI), ethical AI, MSME digital transformation, and Islamic economic values. The data sources in this research consist of secondary data in the form of scientific journal articles, books, conference proceedings, research reports, and publications from international institutions relevant to the research topic. The literature collection process was conducted purposively by considering thematic relevance, source quality, and the relationship of the literature to the research focus. The literature criteria used in this study include discussions on AI implementation in the digital economy, ethical AI, MSME empowerment, sustainable digital transformation, and the concept of maslahah from the perspective of Islamic economics. The selected literature primarily originated from scientific publications within the last four years to ensure relevance to contemporary AI and digital economy issues. Data analysis techniques were conducted descriptively and interpretively by identifying, examining, and connecting various concepts related to AI, ethical AI, MSME empowerment, and maslahah. Later, the results of the analysis will be used to build a conceptual understanding of the importance of more ethical, inclusive, and social benefit-oriented AI implementation.

IV. RESULTS AND DISCUSSION

A. Artificial Intelligence as a Driver of Sustainable MSME Tranformation

Artificial Intelligence (AI) plays an important role in driving the transformation of Micro, Small, and Medium Enterprises (MSMEs) toward more modern, adaptive, and sustainable business models (Adiningsih & Pratama, 2024). The presence of AI is no longer understood merely as an automation technology, but has evolved into a strategic instrument that helps MSMEs improve operational efficiency, understand market behavior, and strengthen competitiveness amid the development of the digital economy. This transformation demonstrates that AI is capable of changing the way MSMEs conduct business, from previously conventional practices into more data-driven and technology-based operations.

The implementation of AI in MSMEs can be observed through various technological applications such as chatbots, product recommendation systems, customer behavior analysis, digital marketing automation, and predictive analytics (Subha et al., 2023). These technologies assist MSME actors in managing business activities more optimally, ranging from improving customer service and developing marketing strategies to supporting business decision-making processes. The presence of AI makes business operations more efficient, responsive, and adaptable to continuously evolving market demands. In addition to improving operational efficiency, AI also provides broader opportunities for MSMEs to expand market access. AI-based digital platforms enable MSME actors to reach wider consumer markets without being restricted by geographical boundaries. This condition creates opportunities for MSMEs to increase product visibility and compete within increasingly competitive digital markets. Thus, AI functions as a tool capable of strengthening the position of MSMEs within the digital ecosystem.

Nevertheless, AI-based transformation still faces various challenges. In reality, not all MSME actors possess adequate levels of digital literacy to utilize AI technology optimally. Some MSME actors still experience difficulties in understanding digital technologies, particularly those related to data management and the utilization of automation systems. In addition, limited digital infrastructure and the high costs of technology implementation also constitute barriers to AI utilization among MSMEs (Istikomah et al., 2026). This condition demonstrates that AI development may create new disparities between MSMEs that are able to adapt to technology and those that remain digitally marginalized. Therefore, digital transformation should not merely focus on technological innovation, but also requires strengthening human resource capacity through sustainable training, mentoring, and digital education. With such support, MSME actors will be better prepared to utilize AI productively and sustainably.

From the perspective of Islamic economics, the use of AI in MSME empowerment must be grounded in the principles of justice, maslahah, and inclusivity. Technology utilization should not merely focus on increasing economic profit, but must also provide positive social benefits for society. AI is known to contribute positively to strengthening business ethics and social sustainability, particularly by improving transparency, accountability, and supporting more effective decision-making processes.

The success of AI implementation is determined not only by technological sophistication, but also by the extent to which business actors apply ethical values such as justice, transparency, responsibility, and data privacy protection (Kulkarni et al., 2024). Therefore, AI implementation needs to be accompanied by an ethical approach so that digital transformation remains oriented toward collective welfare and prevents the emergence of new forms of social inequality. This demonstrates that AI has substantial potential in driving MSME transformation toward sustainability.

B. Ethical AI and the Emerging Challenges in the Digital Economy

Artificial Intelligence (AI) in the digital economy not only presents major opportunities for business growth and innovation, but also gives rise to increasingly complex ethical challenges. The utilization of AI in economic activities, particularly within the Micro, Small, and Medium Enterprises (MSMEs) sector and digital business, has transformed interaction patterns among business actors,

consumers, and technology. However, behind these benefits lie various issues related to justice, transparency, data privacy, and the potential for social inequality within the process of economic digitalization.

The utilization of AI enables companies and business actors to collect and analyze large amounts of consumer data in order to understand market behavior more comprehensively (Okeleke et al., 2024). AI technology helps improve marketing efficiency, service personalization, and faster business decision-making. Nevertheless, the massive use of data also raises concerns regarding the security and privacy of user information. In many cases, consumers do not fully understand how their data are collected, utilized, or processed by AI-based systems. This condition highlights the importance of transparency and data protection within the digital ecosystem (Esteves et al., 2022).

In addition to privacy issues, AI also has the potential to create bias within digital decision-making processes (Angela & Odewuyi, 2024). AI algorithms operate based on the data used in system training processes. When such data are unrepresentative or contain certain inequalities, the resulting AI decisions may also become discriminatory. In the context of the digital economy, such conditions may affect business actors' access to markets, financing opportunities, and other business prospects. Therefore, AI utilization requires continuous supervision and evaluation to ensure that the technology remains fair and does not create economic inequality.

Another challenge arising from AI development is the increasing dependence on digital technology in economic activities. AI-based digital transformation can improve business efficiency, but at the same time may reduce the role of human labor in certain sectors (Masrichah, 2023). Expanding automation has the potential to alter employment structures and create concerns regarding reduced job opportunities for groups with limited digital skills. This condition illustrates that AI development must be balanced with the enhancement of human resource capacity so that society is better able to adapt to technological change.

From the perspective of Islamic economics, the utilization of Artificial Intelligence (AI) technology must consider principles of ethics, justice, and social responsibility (Basri, 2025). AI should not merely be used for economic efficiency, but must also protect individual rights, avoid exploitative data practices, and ensure that the benefits of technology are distributed more equitably. The Islamic principle of justice emphasizes that technological development should generate maslahah and avoid causing harm to society.

Ethical challenges in AI utilization require the involvement of various stakeholders, including governments, business actors, academics, and social institutions. Regulations concerning data protection, algorithmic transparency, and digital literacy constitute important aspects in creating a safer and more equitable digital economic ecosystem. Without adequate supervision and regulation, AI development may increasingly create technological domination by certain groups and widen digital inequality within society (Kashefi et al., 2024).

Thus, this study demonstrates that Artificial Intelligence (AI) has great potential in promoting the development of the digital economy. However, AI also brings ethical challenges that cannot be ignored. Therefore, AI implementation must be conducted responsibly by prioritizing justice, transparency, inclusivity, and sustainability so that digital transformation can provide broader benefits to society.

C. *Maslahah*-Based Ethical AI as an Alternative Ethical Framework

The findings of this study indicate that the concept of maslahah in Islamic economics can serve as an alternative ethical framework in the development and utilization of Artificial Intelligence (AI) in the digital economy era. This approach places public benefit, social justice, and societal welfare as the primary objectives in the utilization of modern technology. Unlike approaches that are often oriented solely toward efficiency and economic profit, this maslahah-based framework emphasizes that AI should be developed to create broader social benefits and avoid harmful impacts on society (Fadillah, 2026).

Within the context of the digital economy, AI utilization is often focused on increasing productivity, business automation, and profit optimization. However, the findings of this study reveal that an excessively profit-centered orientation may create various problems, including data exploitation, unequal access to technology, and the marginalization of business groups with limited digital resources. Therefore, the maslahah-based technological approach emerges as an effort to balance technological innovation with social responsibility, enabling AI utilization to be conducted wisely and responsibly in accordance with ethical values and sustainable development goals (Hasas et al., 2024).

The *maslahah*-based ethical approach is highly relevant in addressing increasingly complex digital economic challenges. Issues such as algorithmic bias and misuse of personal data demonstrate that AI development requires a strong moral foundation. From the perspective of *maslahah*, AI utilization must uphold the principles of justice *(al-'adl*), responsibility (*amanah*), and social balance so that AI technology does not create new inequalities within society. Furthermore, this condition highlights the importance of protecting vulnerable groups within the digital transformation process, since not all business actors possess equal capabilities in accessing and utilizing AI technology. Therefore, the implementation of *maslahah*-based AI must also be

accompanied by efforts in education, mentoring, and equal distribution of technological access so that the benefits of digitalization can be enjoyed more broadly.

This approach demonstrates that the success of technology should not only be measured by the level of economic efficiency, but also by the extent to which the technology contributes to improving social welfare. From the perspective of Islamic economics, the integration of sharia and technology is essential in creating an economic system that is not only efficient and innovative, but also aligned with Islamic values (Efendi et al., 2025). *Maslahah*-based AI emphasizes the importance of ethics in data governance and digital decision-making processes. Algorithmic transparency, user privacy protection, and responsible data utilization constitute essential components in creating a more ethical AI system. This is because technology that is not guided by moral values has the potential to create practices that harm society and contradict the principles of social justice in Islam.

The *maslahah*-based ethical AI approach can therefore serve as a relevant alternative ethical framework in addressing the challenges of digital economic development. This approach offers a balance between technological innovation and human values by positioning public welfare as the primary orientation in the utilization of AI technology. Thus, AI development not only contributes to economic growth, but also supports the creation of a more just, inclusive, and sustainable digital system.

D. Implications for Sustainable MSME Empowerment

The findings of this study demonstrate that the utilization of Artificial Intelligence (AI) technology has significant implications for sustainable Micro, Small, and Medium Enterprise (MSME) empowerment (Thiruchanuru & Bingi, 2025). The presence of AI not only transforms business operational patterns, but also influences how MSMEs adapt, innovate, and survive within an increasingly competitive digital economic ecosystem. This transformation shows that technology can become an important instrument in strengthening MSME capacity to become more productive, efficient, and competitive in the long term.

One of the primary implications of AI utilization is increased efficiency in business management. AI technology assists MSMEs in automating various business activities such as customer service, digital marketing management, consumer behavior analysis, and inventory management. Through faster and data-driven work processes, MSME actors are able to make more accurate and effective business decisions. This condition enables MSMEs to reduce operational costs while simultaneously improving service quality for consumers.

Furthermore, AI also enables MSMEs to improve business competitiveness, particularly in expanding market reach and enhancing the effectiveness of marketing strategies (Aslam et al., 2025). Through digital platforms and AI-based marketing systems, MSME actors can reach broader consumer markets without geographical limitations. AI helps MSMEs understand market trends and consumer preferences more accurately, allowing marketing strategies to become more targeted. Thus, AI plays a role in strengthening business sustainability through enhanced competitiveness and adaptability to market changes.

Another implication concerns the importance of strengthening human resource capacity within the digital transformation process, since not all MSME actors possess adequate digital literacy skills. Some MSMEs still face limitations in access to technology and understanding the utilization of digital data (Morisson & Fikri, 2025). This condition has the potential to create disparities between MSMEs that are capable of utilizing AI technology and those that remain digitally disadvantaged. Therefore, MSME empowerment cannot rely solely on the provision of technology, but must also be accompanied by sustainable education, training, and mentoring. MSME actors need to be equipped with digital skills so that they can utilize AI optimally and avoid becoming merely passive technology users. Through improved digital literacy, MSME actors will be better prepared to face increasingly competitive technology-based economic changes.

AI-based MSME empowerment from the perspective of Islamic economics should be directed toward the principles of justice, inclusivity, and social maslahah. AI should not merely be utilized to increase economic profit, but must also create positive impacts on public welfare. Therefore, the implementation of AI in MSME empowerment must pay attention to equitable access to technology so that the benefits of digital transformation can be experienced more broadly by all business actors, especially MSMEs. The findings of this study also demonstrate the importance of collaboration among governments, social institutions, academics, and the private sector in supporting AI-based MSME empowerment (Wiradinata & Malik, 2024). Policy support, digital infrastructure development, and technology mentoring programs are crucial factors in creating a more inclusive and sustainable digital ecosystem. Without such support, digital transformation risks benefiting only certain business groups with greater resources.

AI possesses significant potential in strengthening sustainable MSME empowerment. However, the success of its implementation largely depends on the readiness of human resources, equitable access to technology, and ethical approaches that ensure digital transformation creates balanced economic and social benefits. Thus, AI functions not only as an instrument of digital transformation, but also as a catalyst for realizing inclusive, sustainable, and *maslahah*-oriented MSME empowerment.

V. CONCLUSION

This study demonstrates that Artificial Intelligence (AI) has significant potential in supporting the sustainable empowerment of Micro, Small, and Medium Enterprises (MSMEs) in the era of the digital economy, particularly through improvements in efficiency, marketing strategies, and business competitiveness. However, behind this potential lie ethical challenges such as algorithmic bias, data privacy concerns, digital inequality, and the risk of social exclusion, which emphasize the importance of an approach that is not only oriented toward efficiency, but also toward social responsibility. In this context, this study proposes the concept of *Maslahah*-Based Ethical AI as an ethical framework from the perspective of Islamic economics. The integration of the principle of maslahah emphasizes that AI utilization must be directed toward public benefit, justice, inclusivity, transparency, and social welfare, so that AI becomes not only an instrument of economic growth, but also a means of sustainable MSME empowerment.

The success of AI implementation within MSMEs is also determined by the support of an inclusive digital ecosystem, including digital literacy, equitable technological access, and ethical AI governance. Therefore, collaboration among various stakeholders is essential in ensuring fair and equitable digital transformation. Overall, this study contributes to the development of AI, ethical AI, and Islamic economics studies through the *Maslahah*-Based Ethical AI approach as an alternative paradigm for realizing a more just, inclusive, and sustainable digital economic system. Future studies are expected to strengthen empirical research regarding the implementation of this concept in various MSME contexts and digital economic policies.

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