Committee: Economic and Financial Committee (GA2)

Topic: Evaluating the impact of AI-driven automation on the growth and sustainability of Small and Medium Enterprises (SMEs)

Student Officer: Katherine Eliopoulos

Position: Co-chair

Personal Introduction

My name is Katherine, and I am thrilled that I will be serving as Co-Chair of GA2 for this conference. I am an IB1 student at St Catherine's British School, and I hope that in this upcoming conference, it will be a productive time full of ideas and debate.

Model UN has quickly become a very significant part of my academic life as it has given me a platform to explore ideas, debate topics, and expand friendships. From my MUN experiences, I have learnt invaluable knowledge on diplomacy and international relations. I hope I can share this knowledge with you at the conference and give you a takeaway that will overall improve your understanding and experience.

If anyone would like to reach out and ask any questions they may have, my email is kathyeliopoulos88@gmail.com. I look forward to meeting you all at the conference!

Topic Introduction

AI-driven automation in business is the inclusion of Artificial intelligence into the routine business process. The recent years have resulted in a technological revolution where AI has gotten smarter and is used more frequently. For instance, the use of AI and machine learning was once exclusive to large firms, but now it has become increasingly available to Small and Medium Enterprises, which offers them many more growth opportunities and maximises productivity and cost efficiency.[1]

[1] British Business Bank. "AI Trends – How AI Can Help Small Businesses." *British Business Bank*, 2024, www.british-business-bank.co.uk/business-guidance/guidance-articles/business-essentials/ai-trends-how-ai-can-help-small-businesses.

However, there are also many challenges with this new change, such as the initial costs, the creation of skill gaps, the dehumanisation of the work field and cybersecurity risks.[2]

Small and Medium Enterprises have and will always be critical to the global economic development[3], especially in developing countries. This also brings to light the development, sustainability and inclusivity concerns.

Definition of key concepts

Artificial Intelligence (AI)

"Artificial intelligence (AI), the ability of a digital computer or computer-controlled robot to perform tasks commonly associated with intelligent beings."[4] Machine-based systems are capable of performing tasks that usually require human intelligence.

AI-driven Automation

"AI automation works by combining artificial intelligence techniques with automation processes to perform tasks and make practical decisions"[5] The use of technology to perform tasks with minimal human intervention.

Small and Medium Enterprises (SMEs)

"Enterprises which employ fewer than 250 persons, which have an annual turnover not exceeding 50 million euros"[6]. They are considered to be the backbone of many economies, highlighting their importance.

Digital Divide

"Digital divide refers to the distinction between those who have access to the internet or other digital technologies and can make use of online services, and those who are excluded from these services"[7]. In this context, it highlights the limited access of SMEs in less developed areas to

[2] Demirci, Suleyman. "Empowering Small Businesses: The Impact of AI on Leveling the Playing Field - Orion Policy Institute." *Orion Policy Institute*, 27 Mar. 2024, orionpolicy.org/empowering-small-businesses-the-impact-of-ai-on-leveling-the-playing-field/.
[3] ---. "Micro-, Small and Medium-Sized Enterprises Day." *United Nations*, 2024, www.un.org/en/observances/micro-small-medium-businesses-day.
[4] Copeland, B.J. "Artificial Intelligence." *Encyclopedia Britannica*, 8 Jan. 2024, www.britannica.com/technology/artificial-intelligence.
[5] "What Is AI Automation?" *Salesforce*, 2024, www.salesforce.com/artificial-intelligence/ai-automation/.
[6] "Definition - Small and Medium Enterprises / SME / SME | Insee." *Www.insee.fr*, 2019, www.insee.fr/en/metadonnees/definition/c1962.
[7] European Commission . "Glossary:Digital Divide." *Ec.europa.eu*, ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Digital_divide.

cutting-edge automation tools. This can also be expressed as the gap between those who have access to modern information and communication technologies and those who do not.

Technological Unemployment

"This applies to particular types of worker whose skill is made redundant because of changes in methods of production, usually by substituting machines for their services."[8] A key concern is where AI-driven automation replaces human labour in SMEs, which also brings the likelihood of unemployment, bringing in another moral concern, as machines will replace entry-level workers.

Cybersecurity

Refers to "things that are done to protect a person, organisation, or country and their computer information against crime or attacks carried out using the internet."[9] This is important for SMEs as automation expands their digital footprint, increasing vulnerability.

Data Ethics

"Data ethics refers to the moral principles and guidelines that govern the ethics of data collection, processing and use."[10] SMEs using AI are encouraged to balance innovation with responsible data use..

Sustainability

This refers to "the quality of being able to continue over a period of time"[11]. In AI, this refers to balancing innovation with environmental, social and economic impacts.

Capacity building

"Capacity-building is defined as the process of developing and strengthening the skills, instincts, abilities, processes and resources that organisations and communities need to survive, adapt, and

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[8] Oxford University Press. "Technological Unemployment." *Oxford Reference*, 2024, www.oxfordreference.com/display/10.1093/oi/authority.20110803102813279.

[9] Cambridge Dictionary. "CYBERSECURITY | Meaning in the Cambridge English Dictionary." *Cambridge.org*, 5 Feb. 2020, dictionary.cambridge.org/dictionary/english/cybersecurity.

[10] UNSW Sydney. "Data Ethics: Examples, Principles and Uses | UNSW Online." *Studyonline.unsw.edu.au*, 29 May 2024, studyonline.unsw.edu.au/blog/data-ethics-overview.

[11] ---. "SUSTAINABILITY | Meaning in the Cambridge English Dictionary." *Cambridge.org*, Cambridge University Press, 2024, dictionary.cambridge.org/dictionary/english/sustainability.

thrive in a fast-changing world."[12] This is critical for SMEs to sustainably implement and manage AI tools.

Economic Development

"Economic development is the process through which economies are transformed from ones in which most people have very limited resources and choices to ones in which they have much greater resources and choices."[13] AI can accelerate or hinder depending on accessibility, thus impacting SMEs all over the world.

Digital transformation

"Digital transformation is the integration of digital technology into all areas of a business, fundamentally changing how you operate and deliver value to customers."[14] A fundamental change process that SME undergo when adopting AI into their companies and enterprises.

Productivity

"Productivity compares the level of input with the output. The input may be labour, equipment, or money, and the output may be a good or service."[15]AI can boost productivity by automating repetitive tasks, improving supply chains, and enabling faster decision-making.

Cost Efficiency

"Cost efficiency is the act of saving money by changing a product or process to work in a better way. This is done to improve the organisation's bottom line by decreasing procurement costs and improving efficiencies across the board."[16] In AI-driven automation, cost-effectiveness depends on balancing the initial investment in AI technology against the long-term savings from reduced labour costs, fewer errors, and increased work efficiency.

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[12] United Nations. "Capacity-Building." *United Nations*, 2025, www.un.org/en/academic-impact/capacity-building.

[13] ScienceDirect . "Economic Development - an Overview | ScienceDirect Topics." *Www.sciencedirect.com*, 2001, www.sciencedirect.com/topics/economics-econometrics-and-finance/economic-development.

[14]The Enterprisers Project. "What Is Digital Transformation?" *The Enterprisers Project*, 2022, enterprisersproject.com/what-is-digital-transformation.

[15] Kenton, Will. "What Is Productivity and How to Measure It." *Investopedia*, 26 June 2024, www.investopedia.com/terms/p/productivity.asp.

[16] Miller, Carly. "What Is Cost Efficiency and How to Achieve It? - JAGGAER." *Jaggaer*, 1 Jan. 2022, www.jaggaer.com/blog/what-cost-efficiency.

Background Information

Small and Medium Enterprises (SMEs) form the backbone of the global economy, with over 90%[17] of the world's businesses and generating around half of the jobs globally, according to the World Bank. SMEs are the key drivers of innovation, job creation, and sustainable economic development, particularly in developing economies. Despite the SMEs being important, they typically face long-standing difficulties such as restricted access to capital, poor infrastructure, skill deficits, and exposure to market uncertainty. It has begun to grow in recent years in SMEs through the application of artificial intelligence (AI) and automation, offering opportunities for higher productivity, lower cost, and competitiveness. Large organisations continue to dominate the integration of AI with more facilities and technical expertise. For the majority of SMEs, AI remains a new and untested territory, automation of key business processes holds the promise of revolutionary growth but also uncertainty due to its novelty, absence of comprehensive regulatory frameworks, and issues surrounding ultimate sustainability.[18]

Key Benefits

Artificial intelligence-driven automation offers SMEs a number of key advantages that can directly support growth and sustainability. Through process simplification and the minimisation of manual labour, it can significantly increase productivity and efficiency in business. [19]Improved analytics provide better customer targeting and improved service, allowing firms to address consumer needs better. AI also enhances insight and forecasting from data, allowing SMEs to make informed, strategic decisions from real-time information. Collectively, these benefits render an SME more competitive in increasingly globalised markets and better equipped to seize new opportunities as well as long-term relevance.[20]

[17] World Bank . “World Bank SME Finance.” *World Bank*, 2019, www.worldbank.org/en/topic/smefinance?utm_ .

[18] Weerakkody, Chathurika. “Impact of Global Value Chain on the Performance of SMEs.” *SSRN Electronic Journal*, 2021, https://doi.org/10.2139/ssrn.3941253. 22 Mar. 2022.

[19] ENAE INTERNATIONAL BUSINESS SCHOOL. “Benefits of AI for SMEs.” *Enae.com*, 19 Nov. 2024, www.enae.com/blog/what-are-benefits-ai-your-sme?utm.

[20] SWNS. “Most Believe AI Helps Small Businesses Compete with Larger Firms.” *New York Post*, 15 July 2025, nypost.com/2025/07/15/tech/most-believe-ai-helps-small-businesses-compete-with-larger-firms/?utm.

Challenges and Risks

Automation based on AI poses a set of risks and challenges to SMEs despite the potential benefits. Increased application of automation has the risk of technological unemployment, with job loss due to this transition affecting workers in routine and low-skilled occupations.[21] Data protection and cybersecurity risk are significant issues, as most SMEs have poor measures to safeguard sensitive information.[22] The uneven pace of technological adoption also risks widening the digital divide, particularly between developing and developed economies.[23] High initial capital requirements and inadequate human skills may make it difficult for small firms with limited resources to deploy AI. Also, ethical concerns[24] from the dehumanisation of labour forces to decreased human intervention and raise important questions on the long-term social consequences of automation.

Balancing Benefits and Challenges of AI-Driven Automation in SMEs

AI-driven automation significantly impacts SMEs in terms of greater productivity, customer interaction, evidence-based decision-making, and competitiveness in foreign markets. These benefits enable the development, innovation, and adaptation of SMEs to changing economic conditions more effectively. But accompanying these positive effects are negatives such as employment loss to automation, increased cybersecurity risks, challenges in the form of high expense and skill shortfall, and further widening of the digital divide. Ethical considerations involving the dehumanisation of work and long-term social consequences also have to be taken into consideration so that AI adoption aligns with inclusive and sustainable growth.

Links for Further Research:

World Bank, SMEs and Entrepreneurship: https://www.worldbank.org/en/topic/smefinance

International Labour Organisation (ILO), AI and the World of Work: https://libguides.ilo.org/Artificial_intelligence#:~:text=The%20AI%20and%20the%20world,the%20ra

[21] Sharps , Sam , et al. “The Impact of AI on the Labour Market.” *Institute.global*, Tony Blair Institute, 8 Nov. 2024, institute.global/insights/economic-prosperity/the-impact-of-ai-on-the-labour-market?utm.

[22] Akhilesh Tuteja. “Here’s How SMEs Can Turn Cybersecurity Risk into Opportunity.” *World Economic Forum*, 30 July 2024, www.weforum.org/stories/2024/07/smes-can-turn-cybersecurity-risk-into-opportunity-heres-how/?utm.

[23] Pandey, Ashish. “Digital Divide: MSMEs Struggle to Tap into AI Revolution as High Costs Block Access.” *The Economic Times*, Economic Times, 18 June 2025, economictimes.indiatimes.com/small-biz/sme-sector/digital-divide-msmes-struggle-to-tap-into-ai-revolution-as-high-costs-block-access/articleshow/121924294.cms?utm.

[24] Scoble, Robert. “AI and Economic Displacement.” *Unaligned Newsletter*, 2025, www.unaligned.io/p/ai-and-economic-displacement?utm.

pidly%20evolving%20technological%20landscape.%22&text=%22While%20not%20exclusive%20to%20work,22%2C%20paragraph%2042).

Information on the International Trade Centre (ITC) from Diplo: https://www.diplomacy.edu/actor/international-trade-centre/#!

Time Table of Events

Date	Description of the event
July, 2015[25]	Launch of first cloud-based Artificial Intelligence (AI) tools specifically designed for Small and Medium Enterprises (SMEs).
April, 2017[26]	The Organisation for Economic Co-operation and Development (OECD) publishes an initial report collecting data on AI adoption across enterprise sizes, highlighting SME challenges.
October, 2018[27]	The United Nations Industrial Development Organisation (UNIDO) launches the Industry 4.0 program to support SME digital transformation in developing countries.
September, 2019[28]	The World Economic Forum releases a report, "Shaping the Future of Advanced Manufacturing", emphasising SMEs and AI.

[25] Ayinaddis, Samuel Godadaw. "Artificial Intelligence Adoption Dynamics and Knowledge in SMEs and Large Firms: A Systematic Review and Bibliometric Analysis." *Journal of Innovation & Knowledge*, vol. 10, no. 3, May 2025, p. 100682, https://doi.org/10.1016/j.jik.2025.100682.

[26] OECD. "The Adoption of Artificial Intelligence in Firms." *OECD*, 2025, www.oecd.org/en/publications/the-adoption-of-artificial-intelligence-in-firms_f9ef33c3-en.html.

[27] UNIDO. "UNIDO - Industry 4.0 | UNIDO." *Www.unido.org*, 2024, www.unido.org/unido-industry-40.

[28] World Economic Forum . "Annual Report 2019-2020." *World Economic Forum*, 23 Nov. 2020, www.weforum.org/publications/annual-report-2019-2020/ .

March, 2020[29]	The coronavirus (COVID-19) pandemic triggers a rapid increase in SME digital and AI tool adoption globally due to the unfortunate circumstances of the pandemic.
November 2021[30]	The International Labour Organisation (ILO) issues "Future of Work" guidelines addressing AI and employment impacts on SMEs, which shape the framework that all SMEs have to follow.
June, 2022[31]	United Nations Conference on Trade and Development (UNCTAD) releases "Technology and Innovation Report" with a focus on digital transformation for SMEs.
December, 2023[32]	Global AI Index publishes latest rankings of countries by SME AI readiness and adoption rates.
February, 2024[33]	Increased international discussions on ethical AI frameworks targeting SME applications, including OECD and United Nations (UN) forums.

[29] Giotopoulos, Ioannis, et al. "Digital Responses of SMEs to the COVID-19 Crisis." *International Journal of Entrepreneurial Behavior & Research*, 2 Aug. 2022, https://doi.org/10.1108/ijebr-11-2021-0924.
[30] "Ensuring Trustworthy Artificial Intelligence in the Workplace: Countries' Policy Action." *OECD*, 2025, www.oecd.org/en/publications/oecd-employment-outlook-2023_08785bba-en/full-report/ensuring-trustworthy-artificial-intelligence-in-the-workplace-countries-policy-action_c01b9e49.html.
[31] UNCTAD. "UNCTAD | Home." *Unctad.org*, 2019, unctad.org.
[32] Kergroach, Sandrine, and Julien Héritier. "Emerging Divides in the Transition to Artificial Intelligence." *OECD Regional Development Papers*, no. No. 147, 25 June 2025, www.oecd.org/content/dam/oecd/en/publications/reports/2025/06/emerging-divides-in-the-transition-to-artificial-intelligence_eeb5e120/7376c776-en.pdf, https://doi.org/10.1787/7376c776-en.
[33] Sarlève, Pierre, et al. "A Mapping Tool for Digital Regulatory Frameworks." *OECD Regulatory Policy Working Papers*, no. No. 23, 12 May 2025, www.oecd.org/content/dam/oecd/en/publications/reports/2025/05/a-mapping-tool-for-digital-regulatory-frameworks_be6e3558/1cdad902-en.pdf, https://doi.org/10.1787/1cdad902-en.

Major countries, organisations and alliances

Germany

Germany boasts one of the largest SME economies in Europe, often referred to as the "Mittelstand," and is responsible for powering its economy. AI adoption in SMEs is facilitated by the government[34] through industry and academia partnerships, financing programs, and specialised centres of innovation. Germany focuses on sustainable AI integration by putting productivity rises first while maintaining firm protection of work and the proper application of ethics in AI.

India

India's Digital India initiative[35] is a flagship government program aimed at transforming India into a digitally empowered society. It encourages SMEs actively by means of digital infrastructure, funding for startups, and capacity-building training programs for augmenting technological capacity. India's strategy encourages broad-based digital adoption for stimulating economic growth and employment generation with a specific focus on rural inclusion and bridging the digital divide.

United States of America (USA)

The USA is home to the majority of the world's leading AI technology companies and start-ups. The majority of AI tool development and innovation is in the private sector, which is used by SMEs globally. Federal government initiatives exist to promote the adoption of technology in SMEs, but the U.S. is predominantly market-led.[36] America promotes AI adoption as a competitive advantage, but has issues with ethical regulation and workforce upskilling and reskilling.

Ethiopia

As a Least Economically Developed Country, Ethiopia values the function that AI and digital technologies have to contribute to economic growth. The government has started initiatives to

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[34] for, Ministry. "Transfer Initiative: More Ideas - More Successes." *Federal Ministry for Economic Affairs and Climate Action*, 2020, www.bundeswirtschaftsministerium.de/Redaktion/EN/Dossier/transfer-initiative.html.

[35] Digital India . "Initiatives - Digital India | Leading the Transformation in India for Ease of Living and Digital Economy | MeitY, Government of India." *Digital India | Leading the Transformation in India for Ease of Living and Digital Economy | MeitY, Government of India*, 8 Aug. 2024, www.digitalindia.gov.in/initiatives/.

[36] U.S Small Business Administration . "Minority-Owned Businesses." *Minority-Owned Businesses*, 23 Jan. 2025, www.sba.gov/business-guide/grow-your-business/minority-owned-businesses.

establish technology hubs and collaborations with organisations in other countries to further provide access to SMEs to AI solutions.[37] Ethiopia's strategy focuses on coming to terms with infrastructure challenges, increasing digital literacy, and promoting inclusive adoption of AI to prevent further gaps in rural and disadvantaged areas.

International Labour Organisation (ILO)

The ILO is interested in the social consequences of AI adoption, specifically on fair labour practices, upskilling workers, and social protection. It supports the concept of "decent work" during technological transformation and is urging policies to strike a balance between jobs and automation.[38]The ILO is promoting international solidarity in order to set standards by which AI-driven growth for SMEs translates into fair, sustainable growth.

European Union (EU)

The European Union supports SME digitalisation via the Digital Europe Programme, which finances AI innovation with a keen emphasis on upholding ethical standards, transparency, and inclusion. The EU is an advocate of closing the digital divide between member states and focuses on regulation mechanisms that protect consumers and employees while stimulating innovation.[39] It upholds AI as a respecter of human rights and fosters sustainable economic development.

The Organisation for Economic Cooperation and Development (OECD)

The OECD has a leading role in the production of AI policy on an international front, publishing evidence-based reports for SME technology take-up and digitalisation.[40] The OECD urges inclusive growth policies to ensure that AI benefits are shared fairly across economies and societies. The OECD promotes responsible development of AI, calling for member countries to develop ethical standards and help SMEs close the digital gap.[41]

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[37] Digital Ethiopia . “Home - MINT.” *MINT*, 2023, www.mint.gov.et. .

[38] ---. “Transformative Technology for Decent Work (TT4DW).” *International Labour Organization*, 28 Jan. 2024, www.ilo.org/topics-and-sectors/labour-inspection/transformative-technology-decent-work-tt4dw. Accessed 18 July 2025.

[39] European Commission. “Digital Programme | Shaping Europe’s Digital Future.” *Digital-Strategy.ec.europa.eu*, 2021, digital-strategy.ec.europa.eu/en/activities/digital-programme. Accessed 18 July 2025.

[40] ---. “OECD SME and Entrepreneurship Outlook 2023.” *OECD*, 27 June 2023, www.oecd.org/en/publications/2023/06/oecd-sme-and-entrepreneurship-outlook-2023_c5ac21d0.html.

[41] ---. “The OECD Artificial Intelligence Policy Observatory.” *Oecd.ai*, oecd.ai/en/.

Previous attempts to solve the issue

EU Digital Innovation Hubs (2020-present)[42]

The European Union established Digital Innovation Hubs to facilitate local SMEs' access and adoption of AI technology. The hubs act as local hubs that provide SMEs with the opportunity for networking, testing, and expertise to facilitate crossing technological and budgetary barriers. This initiative is aimed at making AI more accessible and spurring innovation in the SME sector of member states. Though the hubs have managed to create visibility and provide localised advocacy, some challenges continue to widen the efforts to reach all SMEs, especially those located in rural or underserved areas.

United Nations Conference on Trade and Development (UNCTAD) SME Digital Toolkit (2022)[43]

UNCTAD launched the SME Digital Toolkit to provide practical tips and resources for SMEs, particularly in developing economies, to navigate the early stages of digital and AI use. The toolkit delivers systematic instructions on digital transformation strategy, risk management, as well as capacity development. This move addresses the gap in information as well as supports the development of the capacity necessary for SMEs in less developed economies. But the toolkit is heavily dependent on digital infrastructure and internet accessibility, which have yet to be established for most target localities, possibly restricting its utilisation.

World Bank Tech Hubs in Africa[44]

The World Bank has developed Tech Hubs all over Africa to extend digital solutions and access to AI to African SMEs and other emerging economies. The hubs provide entrepreneurship assistance based on innovation, technology access, and training. Meanwhile, their reach is restricted in rural and remote communities, where infrastructure and connectivity have been a key challenge. Rolling

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[42] European Digital Innovation Hubs. "European Digital Innovation Hubs." *Shaping Europe's Digital Future*, 2023, digital-strategy.ec.europa.eu/en/policies/edihs.

[43] United Nations . *UNITED NATIONS CONFERENCE on TRADE and DEVELOPMENT towards Value Creation and Inclusiveness PACIFIC EDITION*. 2022.

[44] Kelly, Timothy L, and Rachel Sohn Firestone. *How Tech Hubs Are Helping to Drive Economic Growth in Africa*. World Bank Group , 1 Jan. 2016.

out access beyond cities remains the main challenge to maximising the benefits for SMEs throughout Africa.

United Nations Development Programme (UNDP) Digital Leapfrogging Initiatives in Least Economically Developed Countries (LEDCs)[45]

The United Nations Development Programme (UNDP) has promoted "digital leapfrogging" projects in Least Economically Developed Countries (LEDCs) to accelerate AI and digital uptake without undergoing traditional industrial development stages. Such ventures focus on building local digital infrastructure, improving infrastructure, and training local entrepreneurs to tap into AI for business growth. While promising, such initiatives are challenged by issues of political instability, insufficient financing, and insufficient local technical skills, which can slow the process and limit far-reaching impacts.

Possible solutions

Capacity Building and Skills Training

Launch The global community needs to concentrate on localised digital training and AI programs to skill SME employees and owners, particularly those from the developing world.[46] Development of digital skills ensures economic growth sustainably by making SMEs proficient in using AI technologies effectively in reducing the risk of job displacement.[47] Implementation requires investing in culturally appropriate content, accessibility, and partnering with learning institutions.

AI Readiness Assessment Tools

Member states and international organisations can collaborate to develop and share AI-readiness diagnostic tools for SMEs[48]. The tools facilitate companies in the selection of suitable AI uses based on their respective economic environments and capabilities, leading to cost-advantageous uptake

[45] UNDP. "Digitally Empowering Least Developed Countries: 5 Steps for Driving Impact." *UNDP*, 2017, www.undp.org/digital/blog/digitally-empowering-least-developed-countries-5-steps-driving-impact.

[46] Group, World Bank. "Digital Jobs and Skills." *World Bank*, World Bank Group, 11 Apr. 2025, www.worldbank.org/en/topic/digital/brief/digital-jobs-and-skills.

[47] International Labour Organisation . "Skills for a Greener Future | International Labour Organization." *Www.ilo.org*, 22 Oct. 2009, www.ilo.org/projects-and-partnerships/projects/skills-greener-future.

[48] OECD. "Artificial Intelligence." *OECD*, 2024, www.oecd.org/en/topics/policy-issues/artificial-intelligence.html.

harmonious with the goals of sustainable development.[49] Widespread availability is based on intersectoral collaboration to assure applicability, simplicity, and scalability.

Ethical and Regulatory Frameworks

Developing concise, globally agreed AI ethics standards for SMEs facilitates fair, open, and accountable AI use that respects the rights of workers and protects consumers' rights. The frameworks are also sustainable development compliant and responsive to prejudice, explainability, and social impact.[50] Multilateral cooperation is required in developing enforcement and flexibility in diverse legal and cultural contexts.

Human-Centered Automation

Human-in-the-loop (HITL) AI system policies guarantee the maintenance of good work and moral labour practices in SMEs. Through applying AI as a supplementary tool to aid human workforces, such approaches guarantee social coherence and smoother technology transitions, consistent with inclusive economic development. HITL system design and policy require international debate to guarantee that innovation is paired with social protection.[51]

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[49] ---. "Digital Jobs and Skills." *World Bank*, World Bank Group, 11 Apr. 2025, www.worldbank.org/en/topic/digital/brief/digital-jobs-and-skills.
[50] UNESCO. "Recommendation on the Ethics of Artificial Intelligence | UNESCO." *Www.unesco.org*, 16 May 2023, www.unesco.org/en/articles/recommendation-ethics-artificial-intelligence.
[51] Wilson, H. James, and Paul R. Daugherty. "How AI Can Make Strategy More Human." *Harvard Business Review*, 22 June 2022, hbr.org/2022/06/how-ai-can-make-strategy-more-human.

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European Commission. "Digital Programme | Shaping Europe's Digital Future." *Digital-Strategy.ec.europa.EU*, 2021, digital-strategy.ec.europa.eu/en/activities/digital-programme. Accessed 18 July 2025.

European Commission. "Glossary: iDigitalDivide." *Ec.europa.eu*, ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary: Digital_divide.

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