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# The Effect Of Tax Compliance, Government Regulations, And Access To Licensing On The Sustainability Of Telukjambe Timur MSMEs

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**ABSTRACT**

*Micro, small and medium enterprises (MSMEs) have a contribution of 61% to gross domestic product (GDP), which is equivalent to 9580 trillion. This research aims to understand and measure tax compliance, government regulations and access to licensing for the sustainability of MSMEs in Telukjambe Timur District. In this study, a research method that adopts a quantitative approach was used. The population collected in this study was 3,007 MSMEs with 100 samples of MSMEs in Telukjmabe Timur. The results of the significance test provide evidence that government regulations and access to licensing have an effect on the sustainability of MSMEs in Telukjambe Timur District. Meanwhile, tax compliance has no effect on the sustainability of MSMEs. The limitations of this study are the number of populations and sample criteria. further research can increase the number of population and research samples with other variables and contextual factors that affect the sustainability of MSMEs such as technological innovation, access financing and business credibility to provide a more comprehensive understanding of the sustainability of MSMEs in Telukjambe Timur District.*

***Keywords:*** *MSMEs, Tax Compliance, Government Regulations, Access to Licensing, Sustainability of MSMEs.*

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## INTRODUCTION

Micro, small, and medium enterprises (MSMEs) have significantly contributed to economic growth in Indonesia, accounting for 61% of the Gross Domestic Product (GDP), which is approximately 9,580 trillion (Taqiyah et al., 2025) ; (Rahman et al., 2025). To enhance the competitiveness of MSMEs in the global market, the government has implemented various initiatives. These include providing training and socialization, facilitating access to capital, and streamlining business licensing processes (Novrina et al., 2025). This effort is further supported by Government Regulation Number 7 of 2021, which focuses on the facilitation, protection, and empowerment of cooperatives and MSMEs. This regulation serves as a derivative of Law No. 11 of 2020 concerning Job Creation (Hanifah, 2024).

Karawang Regency contributes 5.45% of MSMEs to the Gross Regional Domestic Product of West Java (West Java Provincial Communication and Information Office, 2024). These MSMEs span various sectors, including culinary, agriculture, salon services, sewing, and bezel (Rizkia Izriani Maliek et al., 2024). The Karawang Regency Cooperatives and SMEs Office, stated that the Telukjambe The Karawang Regency Cooperatives and SMEs Office has indicated that the Telukjambe Timur District is one of the areas with the highest concentration of MSMEs in Karawang Regency. The number of MSMEs actors was recorded at 3,370 in 2023, but this figure decreased to 3,007 in 2024 (Cooperatives and Small and Medium Enterprises Office, 2025). This decline suggests that there are significant challenges in maintaining the sustainability of MSMEs in the Telukjambe Timur District, which is a primary focus of this study. Furthermore, the Karawang Regency Cooperatives and SMEs Office encounters several issues in the development of MSMEs, including budget constraints, low quality of human resources, and inadequate coaching coverage (Karina & Taun, 2022). The researchers need to conduct a pre-survey to gain deeper insights into phenomena related to tax compliance, government regulations, and access to licensing that are crucial for the sustainability of MSMEs in Telukjambe Timur.

The researcher conducted a pre-survey involving 20 respondents from MSMEs business actors across several villages in the Telukjambe Timur District using a research questionnaire. The results indicate that the business sustainability of nearly all MSMEs actors in this district is not optimal. This situation arises because many MSMEs encounter various obstacles, including financial instability, limited access to capital, and insufficient optimization of digital marketing for financial management. These challenges hinder the sustainability of MSMEs (Andy Endra Krisna, 2024).

MSMEs that have easy access to financing can allocate increased funds toward operational costs, which fosters a sense of financial security. This financial stability encourages MSMEs to fulfill their tax obligations, including the proper reporting of tax returns (Sunardi et al., 2022). Therefore, tax compliance is a critical factor supporting the sustainability of MSMEs. This aligns with the findings of (Heliani & Rusdiansyah, 2026) who assert that tax compliance not only meets regulatory requirements but also enhances financial performance, contributing to business stability and resilience. This finding is supported by the researcher's observation of several phenomena related to tax compliance. Specifically, 9 MSME actors possess a Taxpayer Identification Number in accordance with tax provisions, indicating that 11 MSMEs have not registered as taxpayers. Therefore, it can be concluded that less than 50% of MSME actors demonstrate good tax compliance. Additionally, many MSME actors are not fully aware of the long-term tax benefits for business sustainability; one such benefit is the ability to access financing from banks and public financial institutions, which is often a requirement for credit applications.

Government regulations play a crucial role in supporting the sustainability of MSMEs, as government involvement can enhance MSMEs business finances through various means such as field support, asset mobilization, and coaching (Noerhalifah et al., 2023). However, the pre-survey results indicate that 5 out of 20 MSMEs respondents have not received assistance from the Karawang Regency Government, leaving them unaware of the field programs available for MSMEs focused on marketing their products and services. Although over 50% of respondents have received support from the Karawang Regency Government, it is essential to conduct regular activities for MSMEs groups to ensure that information regarding field programs and business networks is effectively communicated. This includes enhancing facilities, increasing business capital, and providing business consulting services for MSMEs in the Telukjambe Timur District.

Access to licensing is a crucial factor supporting the sustainability of MSMEs. Without complete and legally valid business licenses, MSMEs are at risk of facing challenges, such as difficulties in accessing financing, which can negatively impact their sustainability (Manzilah Ar Rohmah et al., 2024). However, a pre-survey revealed that 4 out of 20 MSME respondents in Telukjambe Timur still struggle with registering business licenses through the electronic licensing system. These difficulties arise partly because the licensing application process is complex and not easily completed in a timely manner. According to (Salsa Trianti, 2025), This situation is exacerbated by a shortage of human resources at the Karawang Regency Investment and One-Stop Integrated Services Office. Additionally, the online service system frequently encounters obstacles or errors, forcing MSME operators who wish to apply for business licenses to visit the office in person.

Some research results related to tax compliance, government regulations, access to licensing, and the sustainability of MSMEs indicate that MSMEs tax compliance is a critical factor in establishing a strong and sustainable economic foundation (Evin Sofianti & Sriyani, 2023). Furthermore, findings from (Alvien et al., 2023) suggest that MSMEs tax compliance behavior  sustainability of MSMEs businesses. However, studies by (Saptono et al., 2024) and (Siregar & Tarigan, 2026) conclude that tax compliance does not have a significant relationship with the sustainability of MSMEs in Indonesia. Research conducted by (Zakiah Nur Aziz Br Tarigan, 2022) and (Dalope et al., 2025) indicates that government regulations are positively associated with business growth within the MSMEs sector. In contrast, (Blessing, 2025) and (Khakim & Firmansyah, 2023) show that government regulations do not have a significant relationship with the growth and sustainability of small businesses. Similarly, (Wijaya et al., 2023); (Wulandari & Herwastoeti, 2025) concluded that access licensing influences the enhancement of business capacity and the sustainability of MSMEs. However, previous research by (Ida Farida, 2024); (Hanifah, 2024) found that access licensing does not have a significant relationship with the sustainability of MSMEs. Furthermore, most prior studies have focused on examining the effects of tax compliance, government regulation, and access to licensing independently across various research subjects and settings. Consequently, there is a lack of research that simultaneously integrates these three variables, particularly in the context of MSMEs located in the Telukjambe Timur District of Karawang Regency. This gap is significant, given that this area is one of the sub-districts with the highest concentration of MSME actors in Karawang Regency, while empirical studies addressing the factors influencing the sustainability of MSMEs in this region remain limited. The novelty of this study lies in examining the effects of tax compliance, government regulations, and access to licensing on the sustainability of MSMEs. This analysis will utilize primary data collected from MSME actors in the Telukjambe Timur District of Karawang Regency.

Based on the description provided and acknowledging the role of MSMEs in driving economic growth (Judijanto, 2024), this study seeks to explore and measure how tax compliance, government regulations, and access to licensing impact the sustainability of MSMEs in Telukjambe Timur. This objective will be accomplished through empirical testing of the relationships among the three independent variables and the sustainability of MSMEs, which is treated as the dependent variable. The research questions are formulated as follows:

RQ1: How does tax compliance affect the sustainability of MSMEs?
RQ2: How do government regulations affect the sustainability of MSMEs?
RQ3: How does access to licensing affect the sustainability of MSMEs?

## LITERATURE REVIEW

### *Theory of Planned Behavior*

The Theory of Planned Behavior (TPB) is a framework developed by Ajzen in 1991 (Chen et al., 2023). According to Ajzen, TPB is an extension of the theory of rational action, incorporating the concept of perceived behavioral control (Sholihah & Setiawan, 2022). This theory aims to analyze the relationship between individual intentions and actual behaviors (Jannah & Farida, 2023). It is founded on the premise that humans are rational beings who consider the potential consequences of their actions before deciding whether to engage in specific behaviors (Aprieza Puspita Zandra et al., 2024).

The Theory of Planned Behavior (TPB) is based on three key factors: behavior beliefs, normative beliefs, and control beliefs (Jannah & Farida, 2023). Behavior beliefs refer to an individual's assessment of their beliefs regarding specific behaviors (Nik Abdullah et al., 2024). Normative beliefs involve an individual's perception of behavior as influenced by the expectations or judgments of others (Murdiono et al., 2025). Control beliefs pertain to an individual's perceptions of the ease or difficulty associated with performing certain behaviors (Bani-Khalid et al., 2022).

The relevance of the Theory of Planned Behavior (TPB) to MSME sustainability is supported by research (Nik Abdullah et al., 2024); (Murdiono et al., 2025); (Bani-Khalid et al., 2022). This research elucidates the relationship between tax compliance and SME sustainability through the lens of the Sustainable Development Goals (SDGs). It suggests that the intention to comply with tax regulations, shaped by attitudes, social norms, and perceived behavioral controls, is a significant determinant of business sustainability. Consequently, in this study, TPB is positioned as a comprehensive theory that explains how attitudes toward tax compliance, norms established by government regulations, and perceived control from access to licensing influence the intentions of MSMEs actors to comply with tax obligations, thereby impacting overall business sustainability.

### Taxpayer Compliance of MSMEs

Tax compliance refers to taxpayers' adherence to and fulfillment of tax provisions and obligations in accordance with applicable tax regulations and laws (Mardhatilla et al., 2023). It also reflects a sense of responsibility and civic awareness among taxpayers (Hantono & Sianturi, 2022). This compliance encompasses timely and accurate reporting, payment, and utilization of tax incentives (Jundari et al., 2024). Tax compliance can be achieved through two primary pathways: voluntary compliance, which is associated with taxpayers' trust in the tax authority, and enforced compliance, which is linked to perceptions of the authority's power in conducting supervision (Rachman Rika, 2026).

### Government regulations

Government regulations serves as a policy instrument designed to oversee the activities of individuals, organizations, and industrial sectors in order to achieve specific objectives, such as sustainable economic growth (Taqiyah et al., 2025). The Indonesian government has implemented various regulatory reforms to support MSMEs (Harahap et al., 2025), including government-sponsored programs and partnerships with financial institutions (Purnomo et al., 2024). Additionally, to enhance the operational capacity of MSMEs, both central and regional governments must promote MSME partnerships, offer incentives, and ensure proper oversight (Hidayat et al., 2025). In 2025, the local government of Karawang Regency is set to provide assistance to MSMEs in the Telukjambe Timur District, including equipment support for business production, with 96 MSMEs recorded from submitted assistance proposals.

**Access To Licensing**

Business licensing is an official permit required by business actors to start and operate their businesses (Erlina & Krisnanto, 2022). The requirements and procedures for licensing have a significant relationship with MSMEs (Judijanto, 2024). Therefore, the government specifically regulates the importance of business license legality for MSMEs actors (Hanifah, 2024). The existence of MSMEs licensing is expected to contribute positively to economic effectiveness, particularly regional income, state revenue, and increased investment value (Ida Farida, 2024). According to (Wijaya et al., 2023), MSMEs actors who possess official identity find it easier to run their businesses, including gaining access to government training programs, eligibility for special government programs, and entry into official communities.

**Sustainability of MSMEs**

Business sustainability is a concept that companies adopt to ensure their long-term survival (Saputro et al., 2024). According to (Mulyadi, 2025) identifies three main dimensions of business sustainability: the economic dimension, which encompasses profitability, financial stability, and access to resources; the social dimension, which focuses on employee well-being and community relationships; and the environmental dimension, which pertains to the efficient use of resources. Consequently, (Rakhmawati et al., 2023) assert that business sustainability reflects an organization's capacity to adapt to change and generate long-term financial value.

## RESEARCH FRAMEWORK AND HYPOTHESES

**Frame of Mind**

The framework of this study is based on the Theory of Planned Behavior (TPB), which posits that a person's behavior is influenced by their intentions. These intentions are shaped by three key factors: attitudes, subjective norms, and perceived behavioral control. Given this explanation, the framework for this research can be outlined as follows:

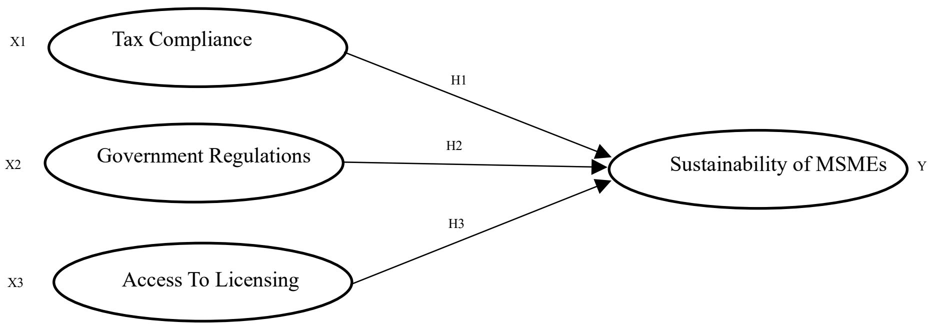


Figure 1. Frame of Mind

**Research Hypothesis**

**The Influence of MSME Taxpayer Compliance on MSME Sustainability**

Taxpayer compliance is a condition in which taxpayers fulfill their tax obligations in accordance with applicable laws and regulations (Susilowati & Utomo, 2025). According to (Yesika Petra Bondar et al., 2025), Compliance with tax regulations is a crucial factor associated with the sustainability and reputation of MSMEs. Maintaining good compliance enhances credibility among investors and the market. Taxpayer compliance is characterized by timely tax payments (Ajeng Ayuning Kartika, 2026). By paying taxes on time, taxpayers can enjoy various benefits, such as easier access to credit financing from banks and financial institutions that are viewed as transparent and reliable (Dhea Natalia br. Surbakti et al., 2025). Low levels of tax compliance can lead to sanctions and fines, which may be detrimental and disrupt business sustainability (Yesika Petra Bondar et al., 2025). Therefore, MSMEs actors must consider both economic and social aspects to survive and develop in the long term (Ari Wibowo et al., 2025).

In the Theory of Planned Behavior in terms of behavior beliefs, MSME actors as taxpayers are linked to the compliance of their businesses with tax regulations. This perspective motivates MSME actors to view compliance not as a burden but rather as an investment in their business sustainability. This aligns with research conducted by (Alvien et al., 2023) supporting this finding by showing that taxpayer compliance has a significant relationship on the sustainability of MSMEs. Based on this, the hypothesis proposed in this study is:
H1: There is a significant relationship between taxpayer compliance and the sustainability of MSMEs**.**

**The Influence of Government Regulations on the Sustainability of MSMEs**

Government regulations is a set of rules designed to ensure that economic and social activities align with sustainability principles (Amelia Nur Maharani & Ersi Sisdianto, 2024). According to (Sunanda et al., 2025), one of the key aspects of Government Regulations for MSME actors is the ease of access to financing, which is essential for MSMEs to develop and make optimal contributions to the economy. Improved access to capital more effectively promotes sustainable MSMEs (Sunanda et al., 2025). Therefore, the success of MSMEs is closely linked to the government's role in establishing regulations that facilitate business development (Syahri et al., 2025)

In the Theory of Planned Behavior in terms of normative beliefs, MSMEs actors who follow the direction of government regulations and empowerment programs tend to be perceived as more credible and adaptive, so that they are better able to compete with other MSMEs that encourage MSMEs actors to voluntarily adjust their business behavior in a more sustainable direction, for example through easy access to capital that encourages business sustainability. This statement is in line with research (Arbani, 2025); (Dharmajaya et al., 2023) Support and empowerment from the government and local governments for MSMEs provide opportunities for MSMEs to develop and compete with companies that are more likely to use large capital supported by regulatory instruments. Based on this, the hypothesis proposed in this study is:
H2: There is a significant relationship between government regulations and the sustainability of MSMEs.

**The Effect of Access to Licensing on the Sustainability of MSMEs**

Business licensing is an official permit required for business owners to start and operate their enterprises (Erlina & Krisnanto, 2022). For MSMEs, access to licensing acts as an official identity for business owners (Wibowo et al., 2025) and serves as a crucial indicator that a business entity is legitimate and recognized by the public (Achmad Fathoni et al., 2025). This licensing is essential for MSMEs to achieve growth, ultimately enhancing their contributions to the regional economy (Prima Puspa et al., 2026).

In the Theory of Planned Behavior, control beliefs suggest that a higher perception of control over an action leads to a stronger intention to perform that action (Syafariyah et al., 2026). To support this, the government is simplifying and facilitating the business licensing process, which aims to encourage MSMEs to more easily access credit guarantees (Hidayat et al., 2025). Consequently, strengthening business licensing for MSMEs not only helps expand market access but also opens the door to greater financing opportunities, thereby supporting the sustainable growth of these businesses (Manzilah Ar Rohmah et al., 2024). Based on this, the hypothesis proposed in this study is:
H3: There is a significant relationship between access to licensing and the sustainability of MSMEs**.**

## RESEARCH METHODS

In this study, a quantitative research method was employed. The data collection technique involved simple random sampling using questionnaires, which included a Likert Scale ranging from 1 (strongly disagree) to 5 (strongly agree). The study population consisted of 3,007 MSMEs, as reported by the (Cooperatives and Small and Medium Enterprises Office, 2025), focusing specifically on MSMEs in Telukjambe Timur. Through the sampling process, 100 samples were obtained. This study specifically utilizes Structural Equation Modeling (SEM) with Partial Least Squares (PLS) analysis. The criteria for the sample included MSMEs that possess a Taxpayer Identification Number and a Business Identification Number. This criterion was established because assessing tax compliance and access to licensing requires respondents with firsthand experience in meeting tax obligations and managing business licenses, ensuring that the information provided reflects the actual experiences of MSMEs operators.

$$n = \frac{N}{1+Ne^2}$$

$$n = \frac{3.007}{1 + 3.007\ (0{,}1)^2} = 100\ Sampel$$

Description :
n : Number of Samples
N : Total Population
e : Presentation of error level

## RESULTS OF RESEARCH AND DISCUSSION

### Research Results

### Measurement Model Assessment

The measurement model assessment was conducted to evaluate the validity and reliability of the observed variables that correspond to the latent constructs: Tax Compliance (TC), Government Regulations (GR), Access to Licensing (AL), and Sustainability of MSMEs (MS).

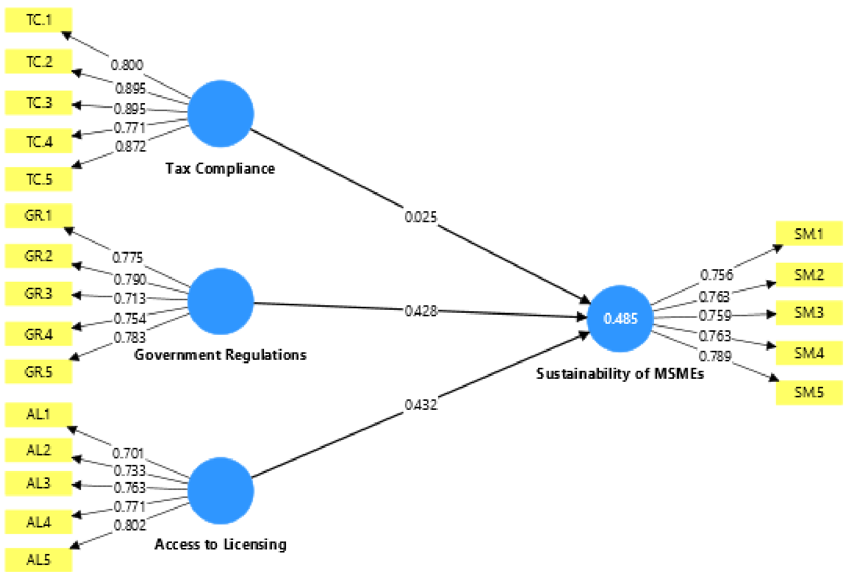


Figure 2. Internal Model Assessment

Based on the results of outer loading, all variable indicators of tax compliance, government regulations, and access to licensing exceeded the recommended threshold of 0.7 (Judijanto, 2024). Thus, it can be concluded that each variable indicator meets the research criteria.

### Validity and Reliability

Table 1. Validity and Reliability

| | Cronbach's alpha | Composite reliability (rho_a) | Composite reliability (rho_c) | Average variance extracted (AVE) |
|---|---|---|---|---|
| Access to Licensing | 0,811 | 0,815 | 0,869 | 0,570 |
| Sustainability of MSMEs | 0,824 | 0,827 | 0,877 | 0,587 |
| Tax Compliance | 0,906 | 0,990 | 0,927 | 0,719 |
| Government Regulations | 0,822 | 0,830 | 0,875 | 0,583 |

Based on the test results, each variable exceeded the recommended threshold of 0.7 (Judijanto, 2024), demonstrating reliable internal consistency that meets the research criteria and effectively measures each construct.

**R-Square**

R-Square and Adjusted R-Square are essential metrics for assessing the suitability of regression models. They indicate the degree to which independent variables influence dependent variables.

Table 2. R-Square

| | R-square | R-square adjusted |
|---|---|---|
| Sustainability of MSMEs | 0,485 | 0,469 |

The R-Square value is 0.485, indicating that the independent variables Tax Compliance, Government Regulation, and Acces to Licensing explain 48.5% of the variance in the dependent variable.

**F-Square**

F-Square is a method used to assess the impact of independent latent variables on dependent latent variables. An F-Square value of 0.35 signifies a very strong influence. Conversely, an F-Square value of 0.15 indicates a moderate influence, while a value of 0.02 suggests a weak influence.

Table 3. F-Square

| | F-Square |
|---|---|
| Access to Licensing -MSME Sustainability > | 0,312 |
| Tax Compliance - MSME Sustainability > | 0,001 |
| Government Regulations -> MSME Sustainability | 0,320 |

The F-Square value indicates that the influence of access to government licensing and regulations on the sustainability of MSMEs > 0.15, suggesting a strong effect, though not classified as very strong. In contrast, the F-Square value for tax compliance on the sustainability of MSMEs is 0.001 < 0.02, indicating a weak influence.

**Significant Test of the Effects**

The influence significance test is a statistical method used to assess the significance of relationships between variables in a study. The following hypotheses will be tested to investigate the impact of tax compliance, government regulations, and access to licensing on the sustainability of MSMEs:

Table 4. Significance Impact Test

| | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics (\|O/STDEV\|) | P values |
|---|---|---|---|---|---|
| Access to Licensing -MSME Sustainability > | 0,432 | 0,460 | 0,114 | 3,777 | 0,000 |
| Tax Compliance - MSME Sustainability > | 0,025 | 0,045 | 0,099 | 0,250 | 0,803 |
| Government Regulations -> MSME Sustainability | 0,428 | 0,398 | 0,091 | 4,728 | 0,000 |

The results of the hypothesis test are considered significant if the associated p-value is < 0.05. To determine which of the variables tax compliance, government regulations, and access to licensing have significant or insignificant relationships with the sustainability of MSMEs, the following findings were observed:

1. The results of the hypothesis test for access to licensing and the sustainability of MSMEs showed that the P-Values = 0.000 < 0.05, It is therefore concluded that access to licensing has a significant relationship with the sustainability of MSMEs within the tested model.
2. The results of the hypothesis test for tax compliance and the sustainability of MSMEs showed that the P-Values = 0.803 > 0.05, It is therefore concluded that tax compliance does not have a significant relationship with the sustainability of MSMEs within the tested model.

3. The results of the hypothesis test for government regulations and the sustainability of MSMEs showed that the P-Values = 0.000 < 0.05, It is therefore concluded that government regulations have a significant relationship with the sustainability of MSMEs within the tested model.

The results of the significance test provide evidence that government regulations and access to licensing are significantly associated with the sustainability of MSMEs in Telukjambe Timur District. In contrast, no significant association was found between tax compliance and the sustainability of MSMEs in Telukjambe Timur District.

## Discussion

### Tax Compliance Affects the Sustainability of MSMEs

The results of this study show that tax compliance does not have a significant relationship with the sustainability of MSMEs within the tested model. This finding is supported by the results of the descriptive analysis of the questionnaire responses, which indicate the lowest achievement in the indicator of taxpayer awareness regarding the obligation to report and pay income tax. The low score on this indicator suggests that ownership of a Taxpayer Identification Number among most MSMEs actors in Telukjambe Timur is primarily administrative serving as a requirement for accessing financing or government programs rather than reflecting consistent and substantive compliance, such as routinely reporting and paying taxes in accordance with legal provisions.

Thus, the sustainability of MSMEs is determined not merely by their registered status as taxpayers, but by the extent to which MSMEs actors consistently fulfill their tax obligations. In addition to the awareness aspect, the absence of a significant relationship between tax compliance and MSMEs sustainability may also be explained by the nature of compliance benefits, which tend not to be directly perceived by business actors. Benefits such as access to formal financing and enhanced business credibility in the assessment of financial institutions are generally realized only in the long term (Dhea Natalia br. Surbakti et al., 2025). This is consistent with (Kodriyah et al., 2024), who noted that MSME actors often view tax regulations as burdensome, which is associated with reluctance to pay taxes.

Furthermore, the relationship between tax compliance and the sustainability of MSMEs is not direct and may be associated with intervening variables not examined in this study, such as access to formal financing and business credibility as assessed by financial institutions. Therefore, tax compliance has the potential to be associated with MSMEs sustainability through improved access to financing and enhanced business credibility.

Based on the Theory of Planned Behavior (TPB), particularly the behavioral beliefs component, MSME actors tend to hold negative perceptions of tax obligations. This negative attitude is associated with reluctance to comply, as business actors prioritize short-term cash flows over tax liabilities that are perceived as a burden. This observation is reinforced by previous studies (Alvien et al., 2023); (Saptono et al., 2024); (Kavetsa, 2025), which found that compliance with tax obligations does not automatically ensure the operational continuity and long-term growth of MSMEs, as tax burdens can reduce net business profits and may be associated with non-compliance.

### Government Regulations Affect the Sustainability of MSMEs

The results of this study show that government regulations have a significant relationship with the sustainability of MSMEs within the tested model. This finding is supported by the results of the descriptive analysis of the questionnaire responses, which indicate the highest achievement in the indicator of local government support in the form of development facilities for MSMEs. The high score on this indicator suggests that MSMEs actors in Telukjambe Timur directly perceive the benefits of the facilities provided by the Karawang Regency Government. Thus, government regulations are associated with the sustainability of MSMEs as one of the supporting factors. This is consistent with (Sulistyo Budi Utomo, 2024), who stated that business growth underscores the importance of regulatory frameworks and policy interventions in facilitating the development of MSMEs.

Based on the Theory of Planned Behavior (TPB), particularly the normative beliefs component, MSMEs actors form the perception that complying with and following government policy directions is behavior considered appropriate within the business environment. This perception, in turn, strengthens the intention of MSMEs actors to adjust their business strategies in ways associated with long-term business sustainability. This observation is reinforced by previous studies (Harahap et al., 2025); (Taqiyah et al., 2025); (Sunanda et al., 2025), which highlight the relationships generated by supportive regulations and bureaucracy in creating a conducive business environment for MSMEs. As a result, MSMEs may gain easier access to capital, which is associated with more effective support for sustainable MSMEs development.

**Access To Licensing Affects the Sustainability of MSMEs**

The results of this study show that access to licensing has a significant relationship with the sustainability of MSMEs within the tested model. This finding is supported by the results of the descriptive analysis of the questionnaire responses, which indicate the highest achievement in the indicator of the ease of the electronic licensing system in the business registration process. The high score on this indicator suggests that simplifying the licensing process through an electronic system is associated with reduced obstacles frequently faced by MSMEs actors in Telukjambe Timur, such as complicated registration systems, lengthy processing times, and unnecessary additional costs, while also allowing the process to be completed remotely. This is consistent with (Purnomo et al., 2024), who stated that MSMEs have a greater chance of achieving sustainable operations when business actors actively pay attention to and comply with regulatory criteria.

Based on the Theory of Planned Behavior (TPB), particularly the control beliefs component, easy access to licensing and a straightforward process increase MSMEs actors' perceived control over their ability to meet business legality requirements. When MSMEs actors feel that they have full control over the licensing process, they tend to believe that compliance with licensing regulations is achievable and associated with benefits for business sustainability rather than an obstacle.. This statement is in line with previous research by (Wulandari & Herwastoeti, 2025) ; (Endris & Kassegn, 2022); (Annisa et al., 2025), which noted that MSMEs with business licenses gain easier access to banking facilities such as People's Business Credit, greater opportunities to participate in government assistance programs, and increased trust from customers and business partners. These factors are associated with the creation of inclusive and sustainable economic development as well as support for MSMEs growth (Hidayat et al., 2025).

## CONCLUSION

This study aims to examine the relationships between tax compliance, government regulations, and access to licensing with the sustainability of MSMEs in Telukjambe Timur District, using simple random sampling as the data collection technique. The results show that government regulations and access to licensing have significant relationships with the sustainability of MSMEs in Telukjambe Timur District, while tax compliance does not have a significant relationship with the sustainability of MSMEs within the tested model. These findings indicate that external factors, in the form of government regulatory support and ease of access to licensing, are more strongly associated with MSMEs sustainability than the administrative compliance of MSMEs actors.

Theoretically, these findings contribute to the development of the Theory of Planned Behavior (TPB) in explaining the sustainability of MSMEs. The significant relationship between government regulations and MSMEs sustainability strengthens the normative beliefs aspect, indicating that MSMEs actors' perceptions of government regulatory support can shape intentions to engage in behaviors associated with MSMEs sustainability. Meanwhile, the significant relationship between access to licensing and MSMEs sustainability strengthens the control beliefs aspect, showing that the ease perceived by MSMEs actors in accessing the licensing system is associated with perceived behavioral control related to MSMEs sustainability. However, the finding that tax compliance does not have a significant relationship with MSMEs sustainability suggests that behavioral beliefs have not fully encouraged behaviors associated with MSMEs sustainability. Thus, in the context of MSMEs, the aspects of normative beliefs and control beliefs tend to play a greater role in supporting MSMEs sustainability than behavioral beliefs.

Practically, these findings imply that the Karawang Regency Government needs to optimize the ongoing MSMEs facilitation programs in Telukjambe Timur, including improving the electronic licensing system to make it more accessible to MSMEs actors. In addition, socialization and equitable distribution of facilities and access licensing system need to be strengthened so that the benefits of regulation can be felt equally by all MSME actors in Telukjambe Timur District. Regarding the finding that tax compliance does not have a significant relationship with MSMEs sustainability, an education strategy is needed for MSMEs actors that emphasizes the long-term benefits of tax compliance in supporting easier access to financing. Thus, MSMEs actors can understand tax compliance not only as an administrative obligation but also as part of a strategy to strengthen MSMEs sustainability.

The limitations of this study lie in the number of populations and samples, which may be associated with the results of the significance tests of the relationships between the independent variables and the dependent variable. In addition, the sample criteria requiring ownership of a Taxpayer Identification Number and Business Identification Number have the potential to limit the variance of the tax compliance and access to licensing constructs, because the characteristics of the respondents tend to come from MSMEs that have already met administrative requirements. The limited variation in respondent characteristics can be one of the considerations in interpreting the research results, particularly regarding tax compliance, which does not have a significant relationship with MSMEs sustainability. Therefore, future research can increase the number of populations and samples, as well as incorporate other variables and contextual factors associated with MSMEs sustainability, such as technological innovation, access to financing, and business credibility, to provide a more comprehensive understanding of MSMEs sustainability in Telukjambe Timur District.

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