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Cultural Synergy and Sustainability in Improving Tax Compliance of West Sulawesi MSMEs

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Abstract

Main Purpose - This study aims to reveal the role of awareness of sustainable practices, culture, and perceived behavioral control in improving tax compliance as an effort to maintain sustainable business practices for MSMEs in West Sulawesi by internalizing the Pappasang Kalindaqdaq Mandar.

Method - The research method used in this study is a mixed method with a concurrent model to analyze quantitatively and qualitatively simultaneously.

Main Findings - The results confirmed the theory of planned behavior, whereby awareness of sustainable practices and culture has a significant influence on increasing MSMEs' intention to behave in a compliant manner towards taxation, but perceived behavioral control did not have a significant influence. These findings indicate that aspects of awareness of sustainable practices and internalization of Pappasang Kalindaqdaq Mandar culture have a strong dominance in explaining MSME tax compliance in West Sulawesi.

Theory and Practical Implications - The strong dominance of tax awareness and culture, but not accompanied by a significant influence on perceived behavioral control, requires further investigation. Further in-depth interviews are needed to obtain more in-depth information from tax authorities and MSMEs to uncover the actual role of control.

Novelty - This research explores non-economic aspects from various perspectives such as awareness of sustainable practices (internal), culture (external), and perceived behavioral control (control belief) in improving tax compliance (external).

Keywords: Tax Compliance, Sustainability, MSMEs, Kalindaqdaq Mandar, TPB.

Abstrak

Tujuan Utama – Penelitian ini bertujuan untuk mengungkap peranan kesadaran praktik berkelanjutan, budaya, dan kontrol perilaku yang dipersepsikan dalam meningkatkan kepatuhan pajak sebagai upaya menjaga praktik bisnis berkelanjutan bagi UMKM di Sulawesi Barat dengan menginternalisasi budaya Pappasang Kalindaqdaq Mandar.

Metode – Metode penelitian yang digunakan dalam penelitian ini adalah mix method dengan model concurrent untuk menganalisis secara kuantitatif dan kualitatif secara bersamaan.

Temuan Utama – Hasil penelitian mengkonfirmasi theory of planned behavior dimana kesadaran akan praktik berkelanjutan dan budaya memiliki pengaruh signifikan terhadap peningkatan niat UMKM untuk berperilaku patuh terhadap perpajakan, namun kontrol perilaku yang dipersepsikan tidak memiliki pengaruh yang signifikan. Temuan ini mengindikasikan bahwa aspek kesadaran akan praktik berkelanjutan dan internalisasi budaya Pappasang Kalindaqdaq Mandar memiliki dominasi yang kuat dalam menjelaskan kepatuhan pajak UMKM di Sulawesi Barat.

Implikasi Teori dan Kebijakan – Dominasi kuat atas pengaruh kesadaran pajak dan budaya namun tidak diikuti dengan pengaruh signifikan determinan kontrol perilaku yang dipersepsikan perlu diteliti lebih jauh. Pendalaman wawancara diperlukan untuk memperoleh informasi yang lebih mendalam dari otoritas pajak dan pelaku UMKM dalam mengungkap peranan aktual kontrol.

Kebaruan Penelitian – Penelitian ini mengeksplorasi aspek non ekonomi dari berbagai perspektif seperti kesadaran praktik berkelanjutan (internal), budaya (eksternal), dan perceived behavioral control (control belief) dalam meningkatkan kepatuhan pajak.

Kata Kunci: Kepatuhan Pajak, Keberlanjutan, UMKM, Kalindaqdaq Mandar, TPB.

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) play a vital role in the global economy in terms of job creation, economic growth, and improving community welfare. Many developing countries consider MSMEs to be the main mode of economic development (Geeta et al., 2023; Maksimov et al., 2017). In Indonesia, MSMEs are the backbone of the economy given their role in contributing to Gross Domestic Product (GDP), expanding employment opportunities, and absorbing labor, as well as their contribution to exports. Data from the Ministry of MSMEs shows the dominance of MSMEs in the Indonesian economy in 2019, where the contribution of MSME GDP to the national GDP reached 60.5%, labor absorption reached 96.9% of the total workforce, and exports reached 15.6% of total non-oil and gas exports. The latest data from the Ministry of MSMEs shows a positive trend with an increase from 61.65 million units in 2016 to 65.46 million in 2019 (Kementerian Koperasi & UMKM, 2024).

The vital role of MSMEs is inversely proportional to the condition of tax compliance in several regions, such as in West Sulawesi. Tax ratio data in West Sulawesi shows fluctuating figures in 2022, recorded at 2.48%, falling to 1.81% in 2023, and experiencing a slight increase in 2024 to 1.82%. This tax ratio figure is still very far from the government's target in the macroeconomic policy framework and fiscal policy principles, which set the tax ratio at around 9.95% to 10.20% (Kanwil Ditjen Perbendaharaan Provinsi Sulawesi Barat, 2025).

Table. 1 Tax Ratio of West Sulawesi Regional Budget 2022-2024 (Billion IDR)

Period	Tax Revenue	PDRB	Tax Ratio
2022	Number of MSMEs (unit)	61.650.117	62.922.617
2023	Employment rate (people)	112.828.610	116.431.224
2024	Constant GDP (Rp billion)	5.171.064	5.445.564

Source: Directorate General of Treasury of West Sulawesi (2025).

This condition warrants serious attention from stakeholders in policy-making and strategy formulation to maintain the sustainability of the MSME ecosystem, which is expected to contribute to increased tax compliance. Sustainability is an obligation for companies to maintain their business existence. Although the issue of sustainability for MSMEs is relatively new, there is a need for encouragement from various parties to maintain the MSME ecosystem (Galib et al., 2024; Litvaj et al., 2023; Nastiti et al., 2025; Wahyuningsih et al., 2024). MSMEs, as the backbone of the economy, are expected to be able to implement sustainable business practices to maintain the business ecosystem and become a source of competitiveness (Abdellatif et al., 2021; Bhalla et al., 2024; Lopez-Torres, 2023; Monachan et al., 2024). Research trends in MSME sustainability have experienced rapid development, marked by the emergence of new concepts such as incorporating non-economic aspects as determinants in sustainability practices (Al Amosh et al., 2023; Galib et al., 2024; Santi et al., 2020; Yang et al., 2025).

A new issue in sustainable business practices for MSMEs is related to tax compliance. Research trends in sustainable business practices among MSMEs are expected to bring a new paradigm in improving tax compliance. MSMEs that apply sustainability principles are expected to have awareness of good governance, including tax compliance. The application of sustainability by MSMEs that are socially, environmentally, and economically responsible can improve tax compliance (Nastiti et al., 2025; Saptono et al., 2024). The high contribution of MSMEs in supporting the Indonesian economy is currently not in line with their contribution to state revenue, as seen from the tax ratio in Indonesia in 2023 (10.21%), which is very low compared to the tax ratio of countries in the Asia Pacific region (19%) (Ministry of Finance, 2024).

Various studies reveal that tax compliance related to sustainability dimensions focuses on the performance of companies that are well-established with the concept of sustainability (Chouaibi et al., 2022; Ines Bouaziz Daoud & Amani Bouabdellah, 2024; Saponaro, 2024; Timbate, 2023; Zolkover et al., 2024). Meanwhile, studies focusing on MSME tax compliance in sustainable business practices are still limited, so it is important to conduct in-depth research to reveal MSME awareness of taxation as an effort to maintain sustainable business practices.

The new direction in tax compliance research has shifted from the old paradigm that focused on economic factors to a new paradigm that focuses on non-economic factors synonymous with behavioral aspects that influence individual decisions in complying with taxation (Galib et al., 2018; Srivastava et al., 2025; Surugiu et al., 2025). The behavioral approach reveals that tax compliance is not only influenced by economic factors but also by non-economic factors such as culture, psychology, social, or politics. The complexity of MSME tax compliance issues necessitates a behavioral approach to encourage increased MSME tax compliance. The importance of research on tax compliance using a behavioral approach lies in developing the Theory of Planned Behavior (TPB) perspective, which explains that the existence of a planned intention to behave can lead to the behavior exhibited by individuals (Ajzen, 1991).

The determinants that influence behavior according to TPB are that behavior is determined by intention and perceived behavioral control, and intention is determined by attitude, subjective norms, and perceived behavioral control. In this study, the TPB is modified by including the variable of awareness of sustainable practices as a substitute for the attitude variable, culture as a substitute for the subjective norm variable, and government policy as perceived behavioral control. The main determinants of intention and behavior in the TPB can be understood in terms of behavioral beliefs, normative beliefs, and control beliefs. but many variables may influence a person's beliefs, including age, gender, ethnicity, socioeconomic status, education, nationality, religious affiliation, personality, mood, emotions, general attitudes and values, intelligence, group membership, past experiences, exposure to information, social support, thrift skills, and so on (Ajzen, 1991). This study modifies the Theory of Planned Behavior with the aim of obtaining an overview of tax compliance behavior in Indonesia, which is rich in diversity and culture. This is in line with Ajzen, who states that it is necessary to further examine factors that can complement TPB by identifying relevant background factors so as to deepen our understanding of behavioral determinants.

An interesting aspect of this study is the inclusion of cultural variables as determinants in encouraging MSME tax compliance. Existing research focuses on quantitative analysis to test the theory of planned behavior, but quantitative analysis alone is not sufficient to reveal the role of internalization of local wisdom in tax compliance practices. Therefore, this study uses a mixed method to strengthen the findings on the testing of the theory of planned behavior. One example of local wisdom among the Mandar people is Pappasang Kalindaqdaq Mandar. Kalindaqdaq Mandar is Mandar literature in the form of messages from ancestors containing moral messages and motivation to behave ethically in the life of the Mandar tribe (Galib et al., 2024; Safa'at et al., 2023). Based on this phenomenon and the gap in previous research, this study is important to reveal the importance of awareness of sustainable practices, culture, and perceived behavioral control in improving MSME tax compliance in West Sulawesi by internalizing the Pappasang Kalindaqdaq Mandar culture. This study is expected to provide a theoretical contribution to enriching the literature on tax compliance in the context of regions with unique fiscal characteristics such as West Sulawesi.

LITERATURE REVIEW

The Theory of Planned Behavior (TPB) serves as a theoretical foundation for understanding and predicting individual behavior in the context of ongoing research. Developed by Icek Ajzen (1985),

TPB is an extension of the Theory of Reasoned Action (TRA) designed to explain behavior that is not entirely under the volitional control of individuals. This model has proven its empirical validity in various disciplines, including social psychology, public health, behavioral economics, and environmental studies, making it a robust predictive instrument in analyzing the determinants of attitudes, subjective norms, and perceived behavioral control over behavioral intentions (Ajzen, 1991).

TPB explains that behavior exhibited by individuals arises from their intention to behave in a certain way. In the development of the theory of planned behavior, internal and external determinants can only have an effect through the mediation of intention (indirect effect), while control belief determinants can have both direct and indirect effects. TPB hypothesizes that a person's intention to engage in a behavior is the strongest predictor of that behavior. This behavioral intention, in turn, is assumed to be formed from the intervention of three main cognitive constructs:

Attitude toward the Behavior: This construct reflects an individual's affective and cognitive evaluation of the consequences of performing the behavior under consideration. A positive attitude toward a behavior tends to increase an individual's intention to adopt that behavior. Attitude formation is influenced by behavioral beliefs about the expected outcomes of the behavior and the individual's evaluation of those outcomes.

Subjective Norm: Subjective norms measure an individual's perception of the social pressure felt to perform or not perform a particular behavior. This construct reflects normative beliefs about the expectations of significant reference individuals (e.g., family, friends, colleagues) and the individual's motivation to comply with those expectations. The perception of social support for a behavior will strengthen an individual's intention to carry it out.

Perceived Behavioral Control: Perceived behavioral control indicates the level of ease or difficulty that individuals anticipate in performing a behavior. This construct is influenced by control beliefs regarding the existence of resources and opportunities that facilitate or inhibit behavior, as well as the strength of those resources and opportunities. A high level of perceived behavioral control not only directly influences intention, but can also independently predict actual behavior, especially when an individual's actual volitional control is limited (Ajzen, 1991).

The Theory of Planned Behavior is widely used in research to explain certain behaviors based on reasons that focus on specific constructs in utilitarianism, whereby choices that make a direct contribution will be the ones chosen. It is interesting to note that when choosing to comply with taxation, considering that when individuals comply with taxes, it will not have a direct impact, so that including the variable of awareness of sustainable business practices as a substitute for the attitude variable and culture as a substitute for the subjective norm variable in TPB becomes relevant in this study.

Existing research to date has focused on economic approaches to improving tax compliance and business sustainability. The new direction in tax compliance research has shifted from the old paradigm that focused on economic factors to a new paradigm that focuses on non-economic factors that are synonymous with behavioral aspects that influence individual decisions to comply with taxation.

This study develops a model of TPB by including the variable of awareness of sustainable business practices as an internal factor determinant and culture as an external factor determinant, as well as government policy as a control for perceived behavior (control believe). Within the framework of TPB, awareness of sustainable practices can influence MSMEs' intention to comply with tax regulations. When MSMEs understand that tax compliance is an integral part of social responsibility and business sustainability, this will encourage them to develop a positive attitude. Various studies related to tax compliance in the dimension of sustainability focus on companies that are already

established in the concept of sustainability (Chouaibi et al., 2022; Ines Bouaziz Daoud & Amani Bouabdellah, 2024; Islem Ghorbel & Saoussen Boujelben, 2025; Salah & Zyed Achour, n.d.; Timbate, 2023; Velte, 2025). The trend of research on tax compliance in the dimension of sustainability in the MSME sector is a new issue and still needs to be studied in more depth (Nastiti et al., 2025). Based on the theory of planned behavior and empirical reviews of previous studies, it is hypothesized that: Hypothesis 1: There is a significant influence of awareness of sustainable practices on the intention of MSMEs to comply with taxation.

The second determinant function of the Theory of Planned Behavior describes social influence, which is referred to as subjective norms. Subjective norms refer to a person's belief about whether individuals or groups approve or disapprove of individuals engaging in certain behaviors, as well as the extent to which individuals are motivated to conform to other individuals or groups. The subjective norm used in this study is culture, which is considered capable of influencing an individual's intention to behave compliantly. Culture plays a fundamental role in shaping subjective norms because it emphasizes collectivism, which is expected to increase the intention of MSME tax compliance. Various previous studies have found that culture can encourage people to behave well (Galib et al., 2024). Research on tax compliance has also been conducted by (Padi et al., 2025), who found that cultural dimensions can increase MSME tax compliance. Based on the theory of planned behavior and previous empirical research, it is hypothesized that:

Hypothesis 2: There is a significant influence of culture on the intention of MSMEs to behave compliantly towards taxation.

The third determinant in the theory of planned behavior is perceived behavioral control, which refers to the degree of control that individuals feel they have over engaging in certain behaviors. Ajzen defines perceived behavioral control as the perception of the ease or difficulty of performing a behavior and is assumed to reflect past experiences as well as obstacles and anticipated barriers. Furthermore, Ajzen states that perceived behavioral control influences intention based on the assumption that an individual's perceived behavioral control will have motivational implications for that person (Ajzen, 1991). Perceived behavioral control influences behavior directly and indirectly (through intention). A direct influence can occur if there is actual control beyond the individual's will, thereby influencing behavior. In line with the theory of planned behavior, research conducted by (Rida Belahouaoui & El Houssain Attak, 2024) found that there is an influence of perceived behavioral control on tax compliance behavior, both directly and through the mediation of intention. Based on the framework of the theory of planned behavior and previous empirical studies, it is hypothesized that:

Hypothesis 3: There is a significant influence of perceived behavioral control on the intention of MSMEs to comply with taxation.

Hypothesis 4: There is a significant effect of perceived behavioral control on the tax compliance behavior of MSMEs.

RESEARCH METHOD

The research method used in this study is a mixed method with a concurrent model to analyze quantitatively and qualitatively simultaneously. Combined analysis was performed to draw conclusions by linking the results of quantitative data analysis and qualitative data (Creswell & Creswell, n.d.). The quantitative method with the Structure Equation Model Partial Least Square (SEM-PLS) approach was used to test the Theory of Planned Behavior in encouraging awareness of sustainable business practices in increasing tax compliance by including determinants of awareness of sustainability practices, culture, and perceived behavioral control. Meanwhile, qualitative methods were used to reinforce the findings from testing the Theory of Planned Behavior, considering that the

cultural variables used in this study internalized the Pappasang Kalindaqdaq Mandar culture, which needed to be examined from a phenomenological approach. Husserl's transcendental phenomenological approach focuses on the subjective experiences of individuals by examining existing phenomena (Husserl, 1970). Qualitative analysis reinforces the findings of the theory testing, so this study presents a qualitative analysis in the discussion of the findings of the quantitative analysis.

This research was conducted in West Sulawesi Province. The population in this study consisted of 22,488 MSME actors in West Sulawesi Province (Badan Pusat Statistik, 2024). The respondents sampled in this study, based on calculations using the Slovin formula, were set at 100 respondents. Meanwhile, the key informants in this study were set at 10 informants consisting of MSME actors, representatives of the Cooperative and MSME Office, Industry and Trade of West Sulawesi Province.

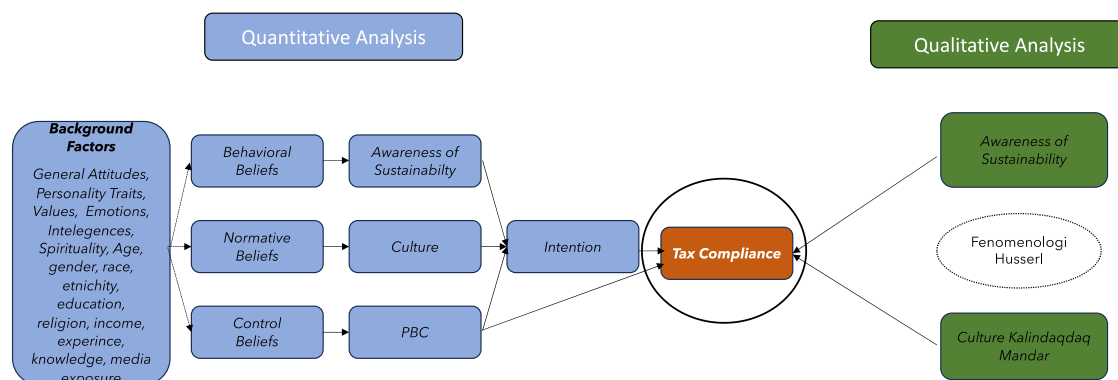


Figure 1. Conceptual Framework

RESULTS

Quantitative data analysis to examine the effect of awareness of sustainable business practices, culture, and government policies on tax compliance behavior with intention mediation using Partial Least Square (PLS)-based Structural Equation Modeling (SEM). The test results show the convergent validity of the measurement model with reflexive indicators assessed based on the correlation between the estimated item score/component score and PLS software. The results of processing using Smart PLS can be seen in Table 1.

Table 2. Outer Loading (Measurement Model)

Variable	Construct	Initial Model	Modification	Variable	Construct	Initial Model	Modification
Awareness of Sustainability	AW1	0,711	0,752	Culture	CU1	0,765	0,763
	AW2	0,714	0,781		CU2	0,757	0,757
	AW3	0,685	0,798		CU3	0,665	0,675
	AW4	0,413	-		CU4	0,778	0,777
	AW5	0,396	-		CU5	0,709	0,713
	AW6	0,439	-		CU6	0,501	-
	AW7	0,677	0,621	PBC	PBC1	0,690	0,697
	AW8	0,494	-		PBC2	0,862	0,865
	AW9	0,292	-		PBC3	0,639	0,648
Intention	IN1	0,627	0,603		PBC4	0,774	0,765
	IN2	0,669	0,646	Tax Compliance	TC1	0,530	-
	IN3	0,781	0,799		TC2	0,772	0,772

IN4	0,779	0,787	TC3	0,854	0,872
			TC4	0,676	0,667

Source: Data Processed (2025)

The outer model value or correlation between the construct and the variables initially did not meet convergent validity because there were still indicators with factor loadings below 0.60. The model was modified by removing indicators with factor loadings below 0.60. The modified model, as shown in Table 2, indicates that all factor loadings have values above 0.60, so that none of the constructs for all variables have been eliminated from the model. It can therefore be concluded that all constructs are valid.

Reliability criteria can be seen from the reliability value of a construct and the Average Variance Extracted (AVE) value of each construct. The constructs in this study have high reliability, as seen from the composite reliability value of 0.70 and AVE above 0.50, while Cronbach's Alpha has moderate reliability above 0.60. Table 3 presents the Composite Reliability, Cronbach's Alpha, and AVE values for all variables. Based on Table 3, it can be concluded that all constructs meet the reliability criteria. This is indicated by a composite reliability value above 0.70, an AVE above 0.50, and a Cronbach's Alpha above 0.60, as recommended by the criteria.

Table 3. Construct reliability test results

Variabel	Composite Reliability	Cronbach Alpha	AVE
Awareness of Sustainability (AW)	0,750	0,729	0,550
Culture (CU)	0,790	0,791	0,545
Perceived Behavioral Control (PBC)	0,721	0,702	0,560
Intention (IN)	0,738	0,763	0,510
Tax Compliance (TC)	0,706	0,667	0,601

Source: Data Processed (2025)

To evaluate the structural model of the AMOS model, the coefficient of determination (R^2), predictive relevance (Q^2), and goodness of fit index (GoF) were examined. The coefficient of determination can be seen from the R-square value for the dependent construct. The R-square of the tax compliance variable is 0.392, indicating that the independent variables explain 39% of the dependent variable, with the remainder explained by other variables not examined in this study. From the manual calculation, the Q-square value is 0.200, while the lowest GoF value is 0.303, which is at a moderate level. Thus, the test results show that R^2 , Q^2 , and GoF indicate that the model formed is robust, meaning that the model is appropriate for the data. Therefore, further testing can be carried out, namely hypothesis testing. The basis used in testing the hypothesis is the value found in the output result for inner weight. Table 3 provides the estimation output for structural model testing.

Table 4. Result for Inner Weight Direct Effects

Variabel	Original Sample Estimate	Mean of Subsamples	Standar Deviation	T-Statistics	P-Values
IN > TC	0,565	0,577	0,079	7,188	0,000
AW > IN	0,281	0,277	0,100	2,815	0,005
CU > IN	0,298	0,319	0,124	2,404	0,016
PBC > IN	-0,002	0,026	0,182	0,010	0,992
PBC > TC	0,195	0,208	0,131	1,485	0,138

Source: Data Processed (2025)

Table 5. *Result for Inner Weight Indirect Effects*

Variabel	Original Sample Estimate	Mean of Subsamples	Standar Deviation	T-Statistics	P-Values
AW > IN > TC	0,159	0,159	0,060	2,653	0,008
CU > IN > TC	0,169	0,184	0,076	2,211	0,027
PBC > IN > TC	-0,001	0,017	0,114	0,009	0,993

Source: Data Processed (2025)

The first hypothesis testing for the indirect effect of sustainable practice awareness on taxpayers' intention to comply was conducted by first determining the results of testing the effect of intention on taxpayer compliance and testing the mediating effect by looking at the results of the Indirect Effects test from the model. The results of testing the effect of intention on tax compliance showed a path coefficient value of 0.565. The t-value obtained was 7.188, which is greater than the t-table value (1.960). This result shows that intention has a significant positive effect on taxpayer compliance. The indirect effects test results show a t-value of 2.653, which is greater than 1.96, meaning that the mediation parameter is significant. Therefore, the first hypothesis, which states that the indirect effect of the variable of awareness of sustainable practices on taxpayer compliance through intention, can be accepted.

The second hypothesis tested the indirect effect of cultural variables on the intention of MSMEs to comply with taxation. The results of testing the effect of intention on tax compliance show a path coefficient value of 0.565. The t value obtained is 7.188, which is greater than the t table (1.960). This result means that intention has a significant positive effect on tax compliance. The results of the indirect effects test show a t value of 2.211, which is greater than 1.96, meaning that the mediation parameter is significant. Therefore, the second hypothesis, which states that the indirect effect of cultural variables on tax compliance through intention, can be accepted.

The results of the third hypothesis test show that the relationship between the perceived behavioral control variable and intention as an intervening variable on tax compliance shows a path coefficient value of -0.001 with a t value of 0.009, which is smaller than the t table (1.960). These results indicate that the third hypothesis, which states that the indirect effect of perceived behavioral control on tax compliance through intention, cannot be accepted.

The fourth hypothesis tested the direct effect of perceived behavioral control on tax compliance. The results of testing the direct effect of perceived behavioral control show a path coefficient value of 0.195 and a t-value of 1.485, which is smaller than the t-table value (1.960). These results indicate that the fourth hypothesis, which states that perceived behavioral control affects tax compliance, is rejected.

DISCUSSION

The results of statistical tests using the partial least squares structural equation model approach will be analyzed quantitatively by adding qualitative interpretations to reinforce the existing findings. In general, the results of testing the research hypothesis confirm the theory of planned behavior, which states that behavior is influenced by individual intentions (behavioral intentions) toward that behavior.

The first hypothesis testing shows that the intention to behave is determined by attitude. In this study, which includes the variable of awareness of sustainable practices as a determinant of attitude, it can be empirically proven that awareness of sustainable practices motivates MSMEs to decide to behave compliantly in taxation. These results support the theory of planned behavior and

are consistent with research conducted by (Nastiti et al., 2025) and (Chouaibi et al., 2022) Chouaibi et al. 2022, which found that awareness of sustainable practices influences the intention to comply with tax regulations. This indicates that the higher a person's awareness of sustainable practices, the higher their awareness of tax compliance. MSMEs that are aware of sustainable practices and are socially, environmentally, and economically responsible tend to comply with their tax obligations.

This is reinforced by findings in the field where one of the MSMEs in West Sulawesi, which is an MSME that cares about sustainability, also complies with taxation. The following is an excerpt from an interview with Mr. Af, one of the MSMEs.

“In business, I believe that a good business is not always about profit, but also about how we care for our surroundings, because we live in a community, especially in a city, which is very sensitive if we do not pay attention to our surroundings, such as trash or waste from businesses, because this also affects future business development, including paying taxes. I pay attention to this because if we want our business to run smoothly, we must also pay attention to taxes.”

In line with Mr. Af, the same thing was conveyed by Mrs. Ri, a tempeh entrepreneur, in the following interview excerpt.

“If we want our business to continue, we must pay close attention to everything. When it comes to the production process, we pay attention to even the smallest details, such as water usage, soybean soaking water, and soybean washing water. We take this seriously. We don't just throw things away; we filter them properly first and even process them into organic liquid fertilizer for our vegetable crops. So basically, we strive to ensure that no waste pollutes the environment. When it comes to tax awareness, we pay taxes and we also feel the benefits, such as road improvements, which make our business run smoothly. So even though it can feel burdensome, we still comply and pay our taxes.”

The essence of the informant's statement above is that for MSMEs, business sustainability and tax compliance are not merely financial obligations but crucial investments that support the continuity and progress of their businesses. The objective meaning that emerges is that tax payments are an essential contribution to infrastructure development, public facilities, and the creation of a healthy business ecosystem, which in turn has an impact on maintaining the growth and ecosystem of MSME businesses.

Efforts to maintain a sustainable ecosystem for MSMEs need to be given attention by stakeholders. Although currently various government efforts have focused on developing MSMEs to grow and develop, existing policies and strategies are still focused on expanding business opportunities and increasing competitiveness. It is important for the government to focus on strengthening business governance, especially in encouraging MSMEs to adopt sustainable business practices. This is an important finding in this study regarding the government's involvement in maintaining a sustainable MSME ecosystem. This is reinforced in the following interview with an informant from the West Sulawesi Cooperative, SME, Industry, and Trade Office.

“Currently, the cooperative and SME sector is focused on fostering MSMEs through activities such as training on product quality improvement, assistance with licensing and halal certification. In the future, attention needs to be paid to how MSMEs can improve their business management so that they can survive and continue to grow, including in terms of sustainable business practices. Another current challenge is related to the clustering of MSMEs so that assistance can be more targeted by providing support according to the needs of MSMEs.

The essence is that in order to maintain the MSME ecosystem so that it continues to grow, stakeholders need to pay attention and focus on making targeted policies. The government's efforts must formulate policies that are inclusive and responsive to the needs of MSMEs. The government's

encouragement as a driving force in ensuring the sustainability of MSMEs is expected to create sustainable social, economic, and environmental impacts.

Sustainable business practices have become a strategic framework for MSMEs, covering environmental, social, and economic dimensions. These dimensions require organizations to not only prioritize profitability but also consider the impact of their operations on the wider ecosystem. Tax compliance is often viewed as a transactional financial obligation, but the findings in this study reveal that tax compliance is an integral component of a sustainable business framework. Awareness of sustainable practices encourages business actors to internalize responsibilities that go beyond the boundaries of their business operations. Tax compliance reflects an organization's commitment to social responsibility and good business governance. Tax-compliant businesses reflect integrity and business ethics that are in line with the principles of sustainability.

The second hypothesis in this study focuses on analyzing the indirect influence of cultural variables on tax compliance mediated by taxpayer intention. These findings indicate that cultural determinants internalized by MSME actors play a role in shaping their intentions toward tax compliance, and it is these intentions that then drive tax compliance behavior. These findings fundamentally support the core proposition of Ajzen's theory of planned behavior, which places intention as a direct antecedent to behavior (Ajzen, 1991). The results of testing the research hypothesis confirm the theory of planned behavior. Within the framework of the theory of planned behavior, cultural factors influence individual behavior in determining tax compliance behavior. These findings confirm that cultural values and norms can shape the perspective of MSME taxpayers towards fiscal obligations and tax morality, which will encourage taxpayers' intentions to behave compliantly in taxation. In line with the research conducted by (Padi et al., 2025), which found that socio-cultural dimensions can increase MSME taxpayer compliance. These findings contribute to the expansion of the theory of planned behavior by affirming that contextual variables such as culture can be integrated as antecedents that influence intentions in MSME tax compliance.

MSME tax compliance has unique characteristics related to local and social wisdom values. West Sulawesi, as a region steeped in Mandar culture, has a community that always upholds Mandar cultural values in their lives. The Pappasang Kalindaqdaq Mandar culture is a culture that contains a will or mandate containing messages about moral teachings, ethics, and noble character in accordance with the guidance of the Mandar community (Safa'at et al., 2023). Pappasang Kalindaqdaq Mandar is an unwritten norm or law that must be maintained and enforced in the form of behavioral actions. Pappasang Kalindaqdaq Mandar is a message or a beautiful string of words that contains broad and deep meanings in the form of wise advice delivered by mature-minded people. Kalindaqdaq Mandar is the identity, self-identity, and wisdom of the Mandar ancestors, which has been developed as a cultural heritage (Darmansyah, 2021).

The internalization of Pappasang Kalindaqdaq Mandar in tax compliance practices is important for MSMEs in West Sulawesi, considering that the values contained in Kalindaqdaq are deeply ingrained in determining the direction and journey of the Mandar people. When cultural values are upheld and preserved, they will lead to progress (Harrison & Huntington, 2011). Kalindaqdaq plays a function and role as a messenger, conveyor of advice, or developer of trust among all Mandar communities (Darmansyah, 2021). The relevance of Pappasang Kalindaqdaq Mandar in tax compliance is illustrated in the following Kalindaqdaq poem.

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Assayangngi bannuata

Siola pa'banua

Mo nanisunrung

Nituyu' padza tappa

Love our country

Along with all its inhabitants

Otherwise it will cause us

To die in the soil.

Source: ([Darmansyah, 2021](#))

The important message in the Pappasang Kalindaqdaq poem above is in the message “Assayangngi bannuata” In the sense that loving one's country manifests itself as a moral obligation to contribute to socio-economic development through the fulfillment of tax obligations. The collective dimension of tax compliance as a social contract that strengthens solidarity and justice in society. Tax compliance as a reflection of the willingness to sacrifice personal interests for the common good. Furthermore, Pappasang Kalindaqdaq's message about the importance of love and mutual assistance in the interests of the people is reflected in the following poem.

Indi tia tomuane

Tepulopa' ewanna

Namappebalung

Sarana pa'banua

Here is the brave knight

Filled with enthusiasm to defend

Until his last drop of blood

Against the suffering of the people

Source: ([Darmansyah, 2021](#))

The essence of Pappasang Kalindaqdaq Mandar above, if internalized in the form of tax compliance, is that fulfilling tax obligations is not merely about fulfilling obligations but also a form of love for the homeland and a willingness to contribute to society. Tax compliance as an act of chivalry and a form of defense against the suffering of the people is interpreted as a firm moral commitment to contribute to social welfare.

Holistically, if the above Pappasang Kalindaqdaq Mandar is internalized in the practice of tax compliance, it is very relevant because of the power of Pappasang Kalindaqdaq Mandar as Mandar local wisdom, which contains moral and ethical messages that uphold togetherness and a spirit of mutual assistance in community life. Tax compliance among Mandar MSMEs is a profound expression of socio-cultural responsibility that transcends individual interests, integrating noble values such as patriotism, togetherness, and concern for social justice as the core of sustainable business practices. This is reinforced by the statement of informant Mr. Rd in the following interview excerpt.

“For us, Kalindaqdaq Mandar is a culture that is still upheld because it contains important teachings, including in business, such as tax compliance. Kalindaqdaq teaches us that as Mandar people, we must obey government regulations, such as paying taxes, for the common good.”

In line with Mr. Rd, Mr. Ar expressed the same sentiment in the following interview excerpt.

“Yes, Kalindaqdaq certainly guides us to understand the interests of society and not just think about our own profits, even though paying taxes is rather difficult and burdensome.”

The internalization of Pappasang Kalindaqdaq Mandar in tax compliance practices is a transformative approach in efforts to improve tax compliance. As local wisdom that is deeply rooted in the lives of the Mandar people, the values contained therein, such as love for the homeland, a spirit of togetherness, mutual cooperation, and concern for others, can serve as a solid ethical foundation. The third hypothesis in this study examines the indirect effect of perceived behavioral control on tax compliance mediated by the intentions of MSME taxpayers. The results of the test show that perceived behavioral control does not affect the intention to comply with taxation. This indicates that perceived behavioral control does not have a significant indirect effect on MSME taxpayer compliance mediated by taxpayer intentions. The rejection of this hypothesis is an interesting finding in the framework of the theory of planned behavior, which fundamentally argues that PBC, together with attitudes and subjective norms, are important predictors of intentions that then predict behavior. This finding challenges the universality of the mediating role of PBC in the TPB framework. The findings in this study are in line with those of (Galib et al., 2018) and (Taing & Chang, 2021). However, several previous studies have consistently found that PBC plays a role in increasing the intention to comply with taxation, such as the study conducted by (Bani-Khalid et al., 2022).

The results of the fourth hypothesis test show that perceived behavioral control does not have a significant direct effect on tax compliance. These results do not confirm the theory of planned behavior, in which perceived behavioral control has two effects, namely an effect on the intention to comply and a direct effect on compliant behavior. A direct effect can occur if there is actual control beyond the individual's will that influences behavior. This finding indicates that actual control in the field is still low. This finding is in line with the findings of (Galib et al., 2018) and (Taing & Chang, 2021). The absence of a significant influence of perceived behavioral control, either directly or through the intention to comply with taxation, indicates that other factors in TPB tested in this study may have a very strong influence in shaping the intention to comply with MSME taxation. In promoting awareness of sustainable business practices, MSMEs need strong synergy.

CONCLUSION

This study investigates the influence of awareness of sustainability practices, culture, and perceived behavioral control (PBC) through intention on tax compliance among micro, small, and medium enterprises in West Sulawesi (MSMEs with a focus on MSME taxpayers in West Sulawesi). Important findings show that taxpayers' intention to comply is significantly influenced by positive attitudes formed from awareness of sustainable practices. This confirms the validity of the theory of planned behavior and is consistent with literature that highlights awareness of sustainable practices as a driver of tax compliance. In addition, local wisdom has been proven to have a significant indirect influence on MSME tax compliance through intention, indicating that the internalization of cultural values such as Pappasang kalindaqdaq Mandar shapes taxpayer intention, which then encourages compliance behavior. The implications of these findings underscore the importance of an approach that considers aspects of awareness of sustainable practices and cultural values in strategies to

increase MSME tax compliance, especially for regions with unique fiscal characteristics such as West Sulawesi, which is famous for its steadfastness in upholding Mandar culture.

Interestingly, a finding contradicts the universal assumption of TPB, where perceived behavioral control does not show a significant influence on tax compliance, either directly or through the mediation of intention. This indicates that awareness of sustainability practices and culture play a more dominant role in the context of this study.

SUGGESTION

Based on the findings and limitations of this study, we propose several practical and theoretical suggestions:

1. Practical advice: This research is expected to provide input for stakeholders in making policies related to increasing tax compliance.
2. Theoretical Suggestions: This research is expected to be a reference in developing the determinants of the theory of planned behavior related to the importance of internalizing culture in the business environment and tax compliance.

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