

## **ABSTRACT**

*Economic growth has become a vital indicator to explain and analyze economic development in a country. The government's efforts in increasing economic growth are one of the national trades. The trade is through the community's micro, small, and medium enterprises. MSMEs are one of the pillars of generating economic growth. However, since the pandemic hit, MSMEs have tried to rise from the slump that been experienced so that MSMEs continue to continue. Business sustainability is what will cause the country's economy to grow.*

*The theories used in this study are producer behavior theory, diamond porter and structure, conduct, and performance. The method used is Two Stage Least Square (TSLS) with the Eviews 12 application. The data of this study came from primary data. The sample in this study was 44 respondents with a saturated sampling method, where all populations were sampled. The exogenous variables used are capital, labor, market orientation, self-efficacy, and the role of government. In contrast, endogenous variables in this study are digitalization and business continuity.*

*The results of the first equation in this study show that digitalization, business capital, market orientation, and the government's role do not significantly influence business sustainability. In contrast, the variables of labor and self-efficacy have a significant influence on business sustainability. The second equation in this study shows that the role variable of government significantly influences digitalization, while the self-efficacy variable has no influence on digitalization. This discovery is expected to contribute to batik entrepreneurs in Bengle Village, Tegal Regency, making decisions to succeed in the batik business.*

*Keywords: business sustainability, TSLS, MSMEs, batik entrepreneurs*

**FEB UNDIP**