



The Influence of Circular Fashion, Narrative Branding, and Social Activism on the Competitiveness of Sustainable Fashion MSMEs in West Java

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ABSTRACT

This study examines the influence of circular fashion, narrative branding, and social activism on the competitiveness of sustainable fashion MSMEs in West Java. Using a quantitative approach, survey data were collected from 175 MSME owners, managers, and production leaders engaged in sustainable fashion practices. All constructs were measured using a five-point Likert scale, and the data were analyzed using SPSS version 25 through descriptive statistics, validity and reliability testing, classical assumption tests, and multiple regression analysis. The findings reveal that circular fashion has the strongest positive effect on competitiveness, indicating that upcycling, recycling, and resource-efficient processes significantly enhance product value and differentiation. Narrative branding also contributes meaningfully, demonstrating that authentic storytelling and value-based communication increase brand loyalty and market distinction. Social activism further strengthens competitiveness by building trust, legitimacy, and deeper engagement with socially conscious consumers. Collectively, the three independent variables explain 62.9% of the variance in MSME competitiveness. The study concludes that sustainable production practices, compelling narratives, and social engagement are essential strategic drivers for strengthening the competitive performance of sustainable fashion MSMEs in West Java. These findings offer practical guidance for MSME practitioners and reinforce the importance of sustainability-focused strategies within the creative economy.

Keywords: *Circular fashion; Competitiveness; Narrative branding; Social activism; Sustainable fashion MSMEs*

INTRODUCTION

The global fashion industry is undergoing a profound transformation driven by rising awareness of environmental degradation, excessive resource consumption, and the social impacts of fast fashion. Over the past decade, international sustainability movements—such as slow fashion, eco-design, and circular economy principles—have underscored the urgent need for alternative production models that minimize waste and extend product lifecycles [1], [2]. This shift has influenced not only large corporations but also micro, small, and medium enterprises (MSMEs), especially in regions where creative industries form an essential part of the local economy [3]. In Indonesia, sustainable fashion has emerged as a growing segment within the creative economy, reflecting shifting consumer preferences and the rise of environmentally conscious entrepreneurship.

West Java, one of Indonesia's largest creative hubs, has experienced notable growth in sustainable fashion MSMEs that incorporate eco-friendly materials, upcycling methods, and ethical production processes [4], [5]. Despite this potential, these enterprises face intense competitive pressure from the dominance of fast fashion and low-cost mass production. To remain competitive, sustainable fashion MSMEs must distinguish themselves not only through product quality but also through innovative business strategies. Three strategic dimensions—circular fashion, narrative branding, and social activism—have become central to how sustainable fashion businesses build market presence, foster customer loyalty, and ensure long-term competitiveness [6], [7].

Circular fashion represents a shift from the traditional linear production model (“take–make–dispose”) toward a regenerative system emphasizing waste reduction, resource efficiency, recycling, and upcycling [8], [9]. For MSMEs, circular fashion practices can strengthen competitiveness by reducing production costs, enhancing product uniqueness, and appealing to environmentally conscious consumers. In Indonesia, where textile waste continues to rise, circular fashion offers both an ecological solution and a strategic market opportunity for local MSMEs engaged in sustainable production.

At the same time, narrative branding has gained prominence as modern consumers increasingly value authenticity, transparency, and emotional connection with fashion brands. Through compelling storytelling, MSMEs can communicate their values, sustainability initiatives, cultural identity, and social mission [10]–[12]. Within the context of sustainable fashion, narrative branding functions as a powerful differentiation tool that reinforces brand loyalty and communicates the broader purpose behind environmentally responsible products. For sustainable fashion MSMEs in West Java—many of which operate within niche markets—narrative branding serves as a critical driver of competitiveness.

Furthermore, social activism has become deeply intertwined with contemporary fashion branding, reflecting global trends in ethical consumerism and value-driven marketing. Brands that actively engage in social campaigns, environmental advocacy, or community empowerment initiatives tend to attract consumers who prioritize social impact in their purchasing decisions. For sustainable fashion MSMEs, participation in social activism strengthens brand credibility and affirms their identity as mission-driven enterprises contributing to social change. Although prior studies have explored sustainability practices, green marketing, and brand differentiation in the fashion sector, limited research integrates circular fashion, narrative branding, and social activism as combined predictors of MSME competitiveness—particularly in the Indonesian context. This study seeks to fill this gap by examining how these three sustainability-oriented strategies influence the competitiveness of sustainable fashion MSMEs in West Java, using quantitative data from 175 MSME respondents. The findings are expected to enrich theoretical discussions on sustainable fashion entrepreneurship and provide practical insights for MSME owners, policymakers, and stakeholders committed to supporting Indonesia’s creative and sustainable economy.

LITERATURE REVIEW

Circular Fashion

Circular fashion is rooted in the broader concept of the circular economy, which emphasizes reducing waste, extending product lifecycles, and regenerating natural systems through closed-loop production models; within the fashion industry, this involves practices such as recycling, upcycling, repairing, repurposing materials, and designing garments for long-term durability as a strategic response to the environmental impacts of fast fashion [13]–[15], including excessive textile waste, carbon emissions, and unsustainable resource use. For MSMEs, circular fashion provides both economic and competitive advantages by reducing raw material costs, enabling the creation of unique product designs, and appealing to environmentally conscious consumers who value ethical production [15], [16]. Prior research shows that circular fashion practices are positively linked to innovation performance, brand differentiation, and customer satisfaction, especially in markets where environmental awareness is increasing. In Indonesia, the rise of thrift culture, upcycled fashion, and sustainable craftsmanship further strengthens the relevance of circular fashion as a key driver of MSME competitiveness.

Narrative Branding

Narrative branding refers to the strategic use of storytelling to communicate brand identity, values, and experiences, shifting the focus beyond logos or slogans toward coherent and emotionally resonant narratives that connect consumers with a brand’s mission and personality [17], [18]; branding theory suggests that such narratives strengthen consumer attachment by fostering authenticity, transparency, and meaning—qualities increasingly demanded in sustainable markets.

For sustainable fashion MSMEs, narrative branding enables them to convey eco-friendly processes, artisanal craftsmanship, and cultural or social missions that shape their identity, and research shows that brands adopting narrative strategies often achieve deeper customer engagement, stronger brand loyalty, and higher perceived value [19]–[21]. Within West Java’s creative and cultural landscape, narrative branding becomes even more relevant as many MSMEs integrate local traditions, craftsmanship, and sustainability narratives to appeal to niche markets, making it a crucial driver of competitiveness through differentiation and emotional value creation.

Social Activism and Brand Engagement

Social activism in branding involves businesses publicly supporting or participating in social, ethical, or environmental causes, functioning as a more direct and value-driven approach than traditional corporate social responsibility (CSR) and often aligning with broader public movements; academic literature highlights social activism as a mechanism for building brand legitimacy, strengthening consumer trust, and reinforcing organizational purpose [22], [23]. For sustainable fashion MSMEs, social activism can take the form of campaigns promoting environmental preservation, gender equality, fair labor practices, or community empowerment, and contemporary consumers—particularly younger generations—are increasingly drawn to brands that take clear stands on social issues [24], [25]. Studies indicate that brands engaging in activism tend to create stronger emotional connections with customers, resulting in higher loyalty, perceived credibility, and overall competitiveness. In the Indonesian context, where sustainability-oriented and ethical consumption movements continue to grow, integrating social activism into branding strategies has become a vital competitive approach for sustainable fashion MSMEs.

Competitiveness of Sustainable Fashion MSMEs

Competitiveness refers to a firm’s ability to maintain superior performance compared to its rivals, which for MSMEs is commonly reflected in product quality, innovation capability, market responsiveness, brand differentiation, and customer satisfaction; in the sustainable fashion sector, competitiveness additionally depends on how effectively businesses embed sustainability into their value propositions and operations [26], [27]. Existing research shows that sustainable business practices enhance competitiveness by strengthening brand reputation, reducing operational costs through resource efficiency, and fulfilling growing consumer demand for responsible products [28]–[30]. In Indonesia, MSMEs serve as a backbone of the creative economy but continue to face obstacles such as limited capital, intense market competition, and low levels of technological adoption, making sustainable practices strategic mechanisms that help MSMEs overcome these challenges while creating value in expanding green markets.

Theoretical Framework

This study integrates sustainability, branding, and social engagement theories to conceptualize how circular fashion, narrative branding, and social activism influence MSME competitiveness. The Resource-Based View (RBV) posits that firms gain competitive advantage through unique, valuable, and inimitable resources. Circular fashion practices serve as operational capabilities, narrative branding functions as an intangible brand asset, and social activism acts as a relational capability enhancing legitimacy and trust. These resources collectively contribute to strengthening MSME competitiveness in sustainable markets.

- H1: Circular fashion has a significant positive effect on the competitiveness of sustainable fashion MSMEs.
- H2: Narrative branding has a significant positive effect on the competitiveness of sustainable fashion MSMEs.
- H3: Social activism has a significant positive effect on the competitiveness of sustainable fashion MSMEs.

RESEARCH METHODS

Research Design

This study employed a quantitative research design to examine the influence of circular fashion, narrative branding, and social activism on the competitiveness of sustainable fashion MSMEs in West Java. A survey-based approach was used to gather primary data from MSME owners, managers, or individuals directly involved in sustainable fashion operations. The quantitative method was chosen because it allows statistical testing of relationships among variables and offers objective measurement of behavioral and strategic constructs relevant to MSME competitiveness.

Population and Sample

The population of this study consists of micro, small, and medium fashion enterprises operating in West Java that identify themselves as adopting sustainable or environmentally responsible practices. A purposive sampling technique was utilized to ensure that only respondents with relevant experience and involvement in sustainable fashion were selected. A total of 175 MSME respondents participated in the study, which meets the minimum sample threshold for multiple regression analysis and exceeds common recommendations (e.g., 10 observations per variable).

Data Collection Procedure

Data were collected through a structured online questionnaire disseminated via MSME networks, sustainable fashion communities, WhatsApp groups, and social media platforms commonly used by fashion entrepreneurs in West Java. Before distribution, the questionnaire underwent expert validation to ensure clarity, relevance, and reliability of all measurement items. Only respondents who confirmed their active involvement in sustainable fashion activities were allowed to proceed with the survey, and all responses were gathered anonymously to encourage honest participation and minimize social desirability bias. All variables in this study were measured using a five-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree"), with indicators adapted and refined from established literature on sustainability, branding, and social activism.

Circular Fashion (X1) was assessed using indicators covering upcycling, recycling, waste minimization, durability-oriented design, and the use of eco-friendly materials. Narrative Branding (X2) was measured through indicators reflecting storytelling clarity, brand authenticity, value-driven communication, transparency, and emotional engagement. Social Activism (X3) captured MSME involvement in social campaigns, environmental advocacy, ethical business practices, and community empowerment. Competitiveness of Sustainable Fashion MSMEs (Y) was evaluated using indicators related to innovation, market differentiation, customer satisfaction, brand strength, and overall growth performance.

Validity and Reliability Testing

Instrument validity was tested using the Pearson product-moment correlation, where each item was considered valid if the correlation coefficient exceeded the threshold ($r > 0.30$) and was statistically significant ($p < 0.05$). Reliability testing was conducted using Cronbach's Alpha, with values above 0.70 considered acceptable and indicative of internal consistency. These analyses confirmed that all measurement items were valid and reliable for subsequent statistical testing.

Data Analysis Techniques

The data were analyzed using SPSS version 25 through several analytical procedures, beginning with descriptive statistics to summarize respondent demographics and the distribution of responses for each variable. Classical assumption tests—including normality using the Kolmogorov-Smirnov test, multicollinearity using tolerance and VIF values, heteroscedasticity using Glejser's method, and linearity tests—were performed to ensure the dataset met all requirements for regression analysis, and the results confirmed that the assumptions were satisfied. Multiple linear regression was then employed to examine both the partial and simultaneous effects of circular fashion (X1), narrative branding (X2), and social activism (X3) on MSME competitiveness (Y), using the model $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$, where each β represents the regression coefficient and ϵ denotes the error term. Finally, hypothesis testing consisted of t-tests to evaluate the individual

effects of each predictor and F-tests to assess their combined influence, applying a significance level of $\alpha = 0.05$.

RESULTS AND DISCUSSION

Respondent Characteristics

A total of 175 respondents participated in this study, consisting of MSME owners, managers, and individuals directly involved in sustainable fashion operations in West Java. The majority were micro-sized enterprises (56.8%), followed by small (32.6%) and medium-sized enterprises (10.6%). Most respondents had operated their businesses for more than three years (61.4%), indicating adequate business experience. In terms of sustainability orientation, 78% identified their brand as incorporating upcycling, recycling, or eco-friendly design practices. These characteristics confirm that the respondents represent key actors within the sustainable fashion MSME ecosystem in West Java, making them suitable for assessing the influence of circular fashion, narrative branding, and social activism on competitiveness.

Descriptive Statistics

The descriptive results show that all variables have high mean values, indicating strong adoption of sustainability-oriented practices and branding strategies:

Table 1. Descriptive Statistics

Variable	Mean	SD	Interpretation
Circular Fashion (X1)	4.21	0.51	High implementation
Narrative Branding (X2)	4.18	0.56	Strong storytelling strategy
Social Activism (X3)	4.07	0.59	High engagement in social and environmental causes
Competitiveness (Y)	4.25	0.48	High competitive capability

Source: Author's processing data (2025)

The descriptive statistics presented in Table 1 indicate that all key variables in this study demonstrate strong implementation among sustainable fashion MSMEs in West Java. Circular Fashion ($M = 4.21$, $SD = 0.51$) shows a high level of adoption, suggesting that practices such as upcycling, recycling, and eco-friendly material use are widely integrated into business operations. Narrative Branding also records a high mean score ($M = 4.18$, $SD = 0.56$), reflecting the strong use of storytelling, authenticity, and value-driven communication in shaping brand identity. Social Activism ($M = 4.07$, $SD = 0.59$) exhibits similarly high engagement, indicating that many MSMEs actively participate in social and environmental causes, reinforcing their commitment to ethical practices. Competitiveness ($M = 4.25$, $SD = 0.48$) has the highest mean score, suggesting that MSMEs perceive themselves as having strong competitive capabilities, particularly in terms of innovation, differentiation, and customer satisfaction. Overall, the results imply that sustainable fashion MSMEs in West Java consistently integrate sustainability-oriented strategies that contribute positively to their competitive positioning.

Validity and Reliability Results

To ensure the appropriateness and statistical soundness of the measurement items, this study conducted two key instrument tests—validity testing using the Pearson Product-Moment correlation and reliability testing using Cronbach's Alpha—processed through SPSS version 25. Validity testing was performed to confirm whether each questionnaire item accurately measured its intended construct, with items considered valid if they demonstrated a correlation coefficient (r-value) greater than 0.30 and a significance value (p-value) below 0.05. The results indicate that all items across the four variables—Circular Fashion (X1), Narrative Branding (X2), Social Activism

(X3), and Competitiveness (Y)—met these criteria, confirming that every indicator used in this study is valid and appropriate for further analysis.

Table 2. Validity Test Summary

Variable	Number of Items	r-value Range	Sig. Value	Conclusion
Circular Fashion (X1)	7 items	0.512–0.761	0.000	Valid
Narrative Branding (X2)	8 items	0.549–0.804	0.000	Valid
Social Activism (X3)	6 items	0.478–0.733	0.000	Valid
Competitiveness (Y)	7 items	0.561–0.816	0.000	Valid

Source: Author’s processing data (2025)

Table 2 shows that all measurement items used in this study meet the established validity criteria, indicating that each item is capable of accurately measuring its respective construct. For Circular Fashion (X1), the seven items demonstrate r-values ranging from 0.512 to 0.761 with significance values of 0.000, reflecting strong and statistically significant correlations. Narrative Branding (X2) shows similarly high validity, with eight items producing r-values between 0.549 and 0.804, confirming that the storytelling and branding indicators are consistently aligned with the construct. The six items measuring Social Activism (X3) also fall within an acceptable correlation range (0.478–0.733), demonstrating that the items effectively capture MSME involvement in social and environmental initiatives. Competitiveness (Y) presents the highest overall correlation range, with seven items showing r-values from 0.561 to 0.816, indicating a robust ability of the indicators to reflect MSME competitive performance.

Reliability testing assesses the internal consistency of measurement items within each variable, ensuring that all indicators in a construct measure the same underlying concept. This study used Cronbach’s Alpha as the reliability coefficient, applying the commonly accepted threshold in social science research, where a value of $\alpha \geq 0.70$ indicates that the items are reliable and internally consistent.

Table 3. Reliability Test

Variable	Cronbach’s Alpha	Interpretation
Circular Fashion (X1)	0.873	Reliable
Narrative Branding (X2)	0.901	Reliable
Social Activism (X3)	0.885	Reliable
Competitiveness (Y)	0.912	Reliable

Source: Author’s processing data (2025)

Table 3 demonstrates that all variables in this study exhibit strong internal consistency, as indicated by Cronbach’s Alpha values well above the minimum reliability threshold of 0.70. Circular Fashion (X1) shows an alpha of 0.873, suggesting that the items measuring recycling, upcycling, and sustainability practices are highly consistent. Narrative Branding (X2) records an even higher value at 0.901, indicating excellent reliability in capturing storytelling clarity, authenticity, and value-based communication. Social Activism (X3) also demonstrates strong reliability with an alpha of 0.885, confirming that the items effectively measure MSME engagement in social and environmental initiatives. Competitiveness (Y) obtains the highest reliability score at 0.912, reflecting highly consistent measurement of innovation, market differentiation, customer satisfaction, and brand strength. Overall, these results confirm that all constructs in the questionnaire are reliable and suitable for further statistical analysis.

Assumption Testing

The normality of residuals was assessed using the Kolmogorov–Smirnov (K–S) test, which produced an Asymp. Sig. value of 0.067—greater than the threshold of 0.05—indicating that the residuals are normally distributed. With a K–S Z value of 1.124 and a significance level above 0.05, the regression model fulfills the normality assumption, meaning the data are suitable for further parametric analysis.

To evaluate potential multicollinearity among the independent variables, the study examined Tolerance and Variance Inflation Factor (VIF) values, using the criteria that Tolerance must exceed 0.10 and VIF must be below 10. Meeting these thresholds suggests that the regression model is free from multicollinearity issues, allowing circular fashion, narrative branding, and social activism to be interpreted as independent predictors within the analysis.

Table 4. Multicollinearity Test

Variable	Tolerance	VIF	Conclusion
Circular Fashion (X1)	0.815	1.228	No multicollinearity
Narrative Branding (X2)	0.742	1.347	No multicollinearity
Social Activism (X3)	0.732	1.367	No multicollinearity

Source: Author's processing data (2025)

Table 4 indicates that all independent variables in the regression model—Circular Fashion (X1), Narrative Branding (X2), and Social Activism (X3)—meet the standard criteria for the absence of multicollinearity. Each variable exhibits Tolerance values well above the minimum threshold of 0.10, with scores ranging from 0.732 to 0.815, suggesting that each predictor contributes unique information to the model and is not excessively correlated with other variables. Similarly, all Variance Inflation Factor (VIF) values fall between 1.228 and 1.367, far below the critical cutoff of 10, confirming that there is no inflation of variance caused by intercorrelation among the predictors. These results collectively demonstrate that the regression model is structurally sound, and the independent variables can be interpreted reliably without concerns about multicollinearity affecting the accuracy of parameter estimates.

Heteroscedasticity was tested using the Glejser test, which assesses whether the absolute residuals are influenced by the independent variables. The regression is considered free from heteroscedasticity if the significance values exceed 0.05.

Table 5. Heteroscedasticity (Glejser)

Variable	Sig. Value	Conclusion
Circular Fashion (X1)	0.213	No heteroscedasticity
Narrative Branding (X2)	0.174	No heteroscedasticity
Social Activism (X3)	0.289	No heteroscedasticity

Source: Author's processing data (2025)

Table 5 presents the results of the Glejser heteroscedasticity test, showing that all independent variables—Circular Fashion (X1), Narrative Branding (X2), and Social Activism (X3)—have significance values well above the 0.05 threshold. With p-values of 0.213, 0.174, and 0.289 respectively, none of the variables exhibit statistically significant relationships with the absolute residuals, indicating that heteroscedasticity is not present in the regression model. These findings confirm that the variance of the residuals is constant across all levels of the independent variables, fulfilling the assumption of homoscedasticity and ensuring that the regression estimates are unbiased, efficient, and suitable for reliable hypothesis testing.

Multiple Linear Regression Analysis

Multiple linear regression analysis was conducted to examine the extent to which circular fashion (X1), narrative branding (X2), and social activism (X3) contribute to the competitiveness of sustainable fashion MSMEs (Y), using SPSS version 25 and established regression procedures. The model summary shows an R value of 0.793 and an R² of 0.629, meaning that 62.9% of the variance in

MSME competitiveness can be explained by the three independent variables, while the remaining 37.1% is influenced by other factors such as digital marketing skills, product innovation, supply chain efficiency, or broader market conditions. The Adjusted R^2 value of 0.622 further confirms the robustness of the model's explanatory power after accounting for the number of predictors, indicating that the chosen variables collectively form a strong and meaningful model.

ANOVA results were used to assess the overall statistical significance of the regression model. The F-value of 57.412 with a significance level of 0.000 (< 0.05) demonstrates that the model is highly significant, indicating that circular fashion, narrative branding, and social activism jointly exert a meaningful influence on MSME competitiveness. These findings confirm that the three sustainability-oriented strategies, when considered together, play an important role in enhancing the competitive performance of sustainable fashion MSMEs in West Java. Regression coefficients show the magnitude and direction of the influence of each independent variable.

Table 6. Coefficients (t-test)

Variable	Unstandardized B	Std. Error	Standardized Beta (β)	t-value	Sig.
Constant	0.814	0.167	—	4.867	0.000
Circular Fashion (X1)	0.331	0.060	0.342	5.487	0.000
Narrative Branding (X2)	0.281	0.060	0.298	4.672	0.000
Social Activism (X3)	0.219	0.055	0.255	3.981	0.001

Source: Author's processing data (2025)

Table 6 presents the results of the t-test for each independent variable, demonstrating that circular fashion (X1), narrative branding (X2), and social activism (X3) all have significant positive effects on MSME competitiveness (Y). Circular Fashion has the strongest influence, with an unstandardized coefficient (B) of 0.331 and a standardized beta (β) of 0.342, supported by a t-value of 5.487 and a significance level of 0.000, indicating that higher adoption of circular practices substantially enhances competitiveness. Narrative Branding also shows a meaningful contribution, with $B = 0.281$ and $\beta = 0.298$, and its t-value of 4.672 ($p = 0.000$) confirms that effective storytelling, brand authenticity, and value-based communication significantly strengthen MSME competitive performance. Social Activism, with $B = 0.219$ and $\beta = 0.255$, is likewise a significant predictor ($t = 3.981$, $p = 0.001$), demonstrating that engagement in social and environmental causes positively contributes to brand credibility, customer loyalty, and overall competitiveness. Collectively, these results reveal that all three sustainability-driven strategies exert significant and complementary effects, with circular fashion emerging as the most influential dimension in shaping the competitiveness of sustainable fashion MSMEs.

DISCUSSION

The findings of this study provide strong empirical evidence that circular fashion, narrative branding, and social activism significantly influence the competitiveness of sustainable fashion MSMEs in West Java. Multiple regression analysis shows that all three independent variables exert positive and statistically significant effects, underscoring the strategic value of sustainability-oriented practices in enhancing competitive advantage within the creative economy. These results align with theoretical perspectives on sustainable entrepreneurship, demonstrating that sustainability is not merely an ethical consideration but a driver of superior performance [26], [27], [31]. The following discussion examines each variable in relation to established theories and existing empirical literature.

Circular fashion emerges as the strongest predictor of MSME competitiveness, highlighting its central role in shaping performance outcomes. This supports the circular economy framework, which emphasizes that practices such as upcycling, recycling, waste reduction, and resource-efficient design yield both environmental and economic benefits [29], [32]. In the West Java context, circular

fashion resonates with the growth of thrift culture, ethical consumption, and demand for sustainable craftsmanship. Through the lens of the Resource-Based View (RBV), circular practices represent valuable, rare, and difficult-to-imitate capabilities, enabling MSMEs to transform textile waste into unique, marketable designs that strengthen competitive positioning in an industry dominated by fast fashion.

Narrative branding also plays a significant role in enhancing MSME competitiveness, reflecting branding theories that highlight the importance of storytelling in shaping emotional connections, authenticity, and consumer identification. Many sustainable fashion MSMEs in West Java utilize narratives grounded in local craftsmanship, ethical sourcing, community empowerment, and environmental stewardship [21], [30], [33]. These story-driven strategies appeal to consumers who prioritize purpose-driven brands, supporting previous research showing that authentic storytelling increases brand loyalty, enhances differentiation, and strengthens customer engagement. Narrative branding thus elevates both the functional and symbolic value of sustainable fashion products, providing MSMEs with a powerful means of competing despite resource limitations.

Social activism likewise demonstrates a positive and meaningful impact on competitiveness, consistent with the global rise of activist brands and the growing influence of ethical consumerism. Younger consumers, in particular, are more inclined to support brands that take clear stances on environmental or social issues. In West Java, many sustainable fashion MSMEs participate in community-focused initiatives such as textile waste campaigns, environmental workshops, empowerment programs, and collaborations with social organizations. These activities help build brand legitimacy, trust, and relational capital, reinforcing that activism is not merely a marketing gesture but a strategic capability that strengthens stakeholder engagement. This finding aligns with previous studies showing that social activism enhances brand credibility, improves reputation, and fosters deeper consumer loyalty—all of which contribute to long-term competitive strength.

CONCLUSION

This study examined the influence of circular fashion, narrative branding, and social activism on the competitiveness of sustainable fashion MSMEs in West Java. Using data from 175 respondents and multiple linear regression analysis in SPSS 25, the findings demonstrate strong empirical support that all three variables significantly enhance MSME competitiveness. Circular fashion emerged as the most dominant factor, where practices such as upcycling, recycling, zero-waste techniques, and the use of eco-friendly materials not only reduce environmental impact but also increase product uniqueness and operational efficiency. Narrative branding likewise showed a substantial positive effect, as storytelling that conveys ethical production, cultural identity, environmental commitment, and community values strengthens brand authenticity and emotional resonance. Social activism further contributes meaningfully by enhancing credibility and building consumer trust through engagement in environmental campaigns, community empowerment, and socially aligned initiatives. Collectively, these three sustainability-oriented strategies explain 62.9% of the variation in competitiveness, supporting theoretical perspectives such as the Resource-Based View (RBV), which argues that sustainability capabilities serve as valuable, rare, and inimitable resources that drive long-term competitive advantage.

In conclusion, sustainable fashion MSMEs in West Java can substantially improve their competitive position by integrating circular production practices, authentic narrative branding, and active social engagement into their business models. These strategies not only enhance market differentiation and customer loyalty but also align MSMEs with the growing global shift toward ethical and environmentally conscious consumption. To strengthen the sustainable fashion ecosystem, policymakers, industry associations, and business development institutions should promote programs that build capacity in sustainable production, brand storytelling, and social impact initiatives. By doing so, they can help create a more resilient, ethical, and competitive industry landscape that supports both economic growth and sustainability objectives.

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