

ABSTRACT

MSMEs (Micro, Small, and Medium Enterprises) have an important role in economic growth in Indonesia. Along with the development of technology, MSME players need to adapt and utilize technology for the sustainability of their business. One of the keys to keeping MSMEs competitive is through business model innovation. Business model innovation is critical to the survival, performance, and as a source of competitive advantage for companies. In this context, it is important to understand the extent to which business model innovation can affect the growth of MSMEs, especially in the fashion sector in Bandung City.

This study aims to measure the extent of the influence of business model innovation on the growth of fashion MSMEs in Bandung City. The aspects studied include the direct effect of business model innovation and the role of customer trust and commitment as mediating variables. Using a quantitative approach, data collection techniques were carried out through questionnaires (Google Form) distributed online to 315 respondents who own fashion MSMEs in Bandung City. This research applies the Structural Equation Modeling (SEM) method, so the survey data that has been collected is analyzed using SmartPLS software.

The results of the study show that business model innovation has a positive and significant influence on the growth of MSMEs by 42%. Customer trust mediates this effect with a contribution of 6.4%, while customer commitment contributes 3.2%. The findings prove that business model innovations implemented by fashion MSMEs in Bandung City not only have a direct impact on business growth, but are also strengthened by customer trust and commitment, which overall contribute to improving MSME business performance and sustainability.

The results of this study are expected to enrich the academic literature in the field of business management by providing new insights into the importance of business model innovation in driving the growth of MSMEs, especially in the fashion sector. In addition, this research provides guidance for MSME players to understand and implement effective business model innovation, as well as build strong relationships with customers through trust and commitment.

Keywords: *MSMEs, Business Model Innovation, MSME Growth, Customer Trust, Customer Commitment*