

THE CLOSED LOOP BUSINESS MODEL AS A GROWTH STRATEGY WITHIN THE CIRCULAR ECONOMY: A CASE STUDY OF PABLE

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Abstrak

Penelitian ini bertujuan mengkaji implementasi prinsip ekonomi sirkular dalam operasional Pable dan menganalisis faktor internal yang mempengaruhi pertumbuhan bisnisnya melalui pendekatan Resource-Based View (RBV). Metode yang digunakan adalah kualitatif deskriptif dengan teknik pengumpulan data berupa observasi, wawancara mendalam, dan dokumentasi. Hasil penelitian menunjukkan bahwa (1) Pable menerapkan prinsip closed loop secara terintegrasi dalam proses bisnis, dengan membangun ekosistem kolaboratif yang melibatkan pemangku kepentingan dari sektor produksi, konsumsi, hingga edukasi. (2) Pemanfaatan sumber daya internal seperti reputasi pendiri, kapasitas tim, legitimasi keberlanjutan, serta pendekatan berbasis komunitas terbukti berkontribusi terhadap pertumbuhan bisnis, yang tercermin dalam meningkatnya kemitraan strategis, loyalitas pelanggan, dan penguatan citra merek. Temuan ini memperkuat relevansi model ekonomi sirkular sebagai strategi bisnis berkelanjutan berbasis nilai.

Kata Kunci: Closed Loop, Daur Ulang Tekstil, Ekonomi Sirkular, Pertumbuhan Bisnis, RBV.

Abstract

This study aims to examine the implementation of circular economy principles in Pable's operations and to analyze the internal factors influencing its business growth using the Resource-Based View (RBV) approach. The research employs a descriptive qualitative method with data collected through observation, in depth interviews, and documentation. The results show that (1) Pable applies the closed loop principle in an integrated manner across its business processes by building a collaborative ecosystem that engages stakeholders from the production, consumption and education sectors. (2) The utilization of internal resources such as the founder's reputation, team capacity, sustainability legitimacy, and community based approach contributes significantly to business growth, as reflected in stronger strategic partnerships, increased customer loyalty, and an enhanced brand image. These findings highlight the relevance of the circular economy model as a strategy for value based sustainable business.

Keywords: Closed Loop, Textile Recycling, Circular Economy, Business Growth, RBV.

INTRODUCTION

Business policies serve as the cornerstone in formulating a company's strategic decisions because they reflect its goals, value systems, and operational procedures (Abdurohim et al., 2024). In the textile industry, the orientation of business policies has shifted toward balancing profitability with sustainability (Gprbbt, 2024). One approach that has received increasing attention is the circular economy, which offers solutions to waste problems through reuse strategies, recycling processes, and environmentally friendly product design (Putri et al., 2023).

In recent years, textile waste has escalated significantly and has become a major concern in the global fashion industry (Coscieme et al., 2022). Igini (2023) reports that of the 100 billion garments produced annually, approximately 92 million tons are estimated to

end up as waste. Much of this waste is either incinerated or discarded without proper management contributing to soil and water pollution and generating large amounts of carbon emissions that intensify the environmental crisis.

Indonesia, with its rapidly expanding textile industry, faces similar challenges in waste management. Nationally, the growing trend of fast fashion consumption has accelerated textile usage cycles, thereby increasing the volume of non biodegradable waste (Basiroen et al., 2023). In addition, the influx of unsuitable imported secondhand clothing place further strain on the national waste management system. Data from the Ministry of Environment and Forestry indicate that the proportion of textile waste in total national waste from 2.51% in 2022 to 2.86% in 2023. This increase reflects higher textile consumption which, without adequate management, risks intensifying environmental pressures.

Arista (2022) emphasized that the application of circular economy principles can contribute significantly to reducing waste generation through the use of by products and supporting sustainable development goals (SDGs). This aligns with the findings of Kismanto (2020) who demonstrated that integrating circular economy principles into business models can simultaneously create economic value and enhance environmental sustainability. The circular economy is designed to drive growth by maintaining the value of products, materials, and resources for as long as possible in their usage cycle. It seeks to minimize the social and environmental impacts of linear economic systems by intervening at every stage of the supply chain to create a more sustainable system.

As a concrete embodiment of the circular economy, Pable, a trademark from PT Daur Langkah Bersama, was established to address the problem of textile waste through a closed loop business mode. The company focuses on transforming textile waste into new materials of value and building a sustainable value chain. The approach aims to reduce dependence on primary raw materials, decrease waste volume, and extend the life cycle of textile products. In its operations, Pable develops two main services: Pabtex, a line of recycled and fabric product and Pabmove, a program that includes Uniform Disposal Program (UDP), Dropbox, and Portable Workshop.

Founded during the post COVID-19 economic recovery, Pable fully integrates circular economy principles, into its business activities. This initiative reflects the company's commitment to environmental restoration, particularly through closed loop textile waste management as part of the circular economy framework. Given the urgency of adopting such principles in business practices, this research seeks to explore how Pable's application of the circular economy contributes to business growth.

METHOD

This study adopts a descriptive qualitative approach with a focus on Pable, a recycling company located at Rungkut Asri IX No. 10 RL 2B No. 5, Kali Rungkut, Rungkut, Surabaya, East Java, 60293. The object of analysis is the implementation of circular economy principles carried out by Pable and their impact on the company's business growth. In this context, the circular economy is applied through a closed loop model that emphasizes the efficient use of resources in textile waste management. Informants were selected purposively to obtain relevant and in-depth information in line with the research focus. The key informants were Atma, CEO & Founder of Pable and Gusto, COO & Founder, who both play a strategic role in formulating and implementing the company's circular policies. The main informants consisted of Pable employees who are directly involved in the development of the project and the production process. Meanwhile, the complementary informant is Sodikin, a weaver from Karangrejo Village who contributed insights into the material recycling process.

Data were collected through in depth interviews with key stakeholders, field observations, and documentation, which included materials from Pable's official website and social media as well as internal data shared by the company. Data analysis followed the interactive model developed by Miles and Huberman as cited in Abdussamad (2021) which consists of three stages they are data reduction, data display, and conclusion or verification. The analysis process was conducted iteratively until the point of data saturation was reached. To ensure transparency and traceability of the analysis, Appendix a contains 57 semi structured interview questions posed to various informants. These questions were designed based on the research focus and were used as the basic for comparison until data saturation was achieved.

DISCUSSION

Closed Loop Model in Pable Operations

Pable is a social entrepreneurship initiative that addresses textile waste through a sustainability based approach. Officially established on October 15, 2020, the company emerged during the post COVID-19 recovery period as an opportunity to design a circular economy business model. The closed loop approach is the foundation integrated into all business processes, from raw material curation and production to distribution and public education. This system treats textile waste not as the end of the process but as the beginning of a new cycle of value.

In practice, Pable does not accept all types of waste indiscriminately. Curation was carried out by considering material type, management capacity, and ecological impact. The waste is then sorted and processed into fibers, spun into recycled yarn, and developed into new products through collaboration with local weaving communities. These products were designed to be recyclable, in line with Pable's tagline Made to be Made Again which reflects the company's philosophy of continuous cycles. This practice corresponds with Ellen MacArthur's concept of the circular economy as cited in Kirchherr (2023), which defines it as an industrial system that avoids waste by keeping products, components, and materials at their highest utility and value for as long as possible. These findings are similar to a study conducted by Arista (2022) which examines circular economy practices carried out in tarum cultivation as a natural dye that can help reduce waste through composting and biogas and minimize the use of plastic in its products.

Therefore, Pable promotes the concept We are Circular which reflects a comprehensive understanding of restorative and regenerative principles in the circular economy. The aim is to transform the take make waste based linear economy into a system that redesigns waste, maintains product usability, and regenerates natural systems. Through this approach, resource use becomes more efficient, waste is significantly reduced, and environmental impacts were minimized.

Pable has developed two main services, namely Pabtex and Pabmove. Pabtex (Pable Textile) which focuses on recycling textile waste into new yarn and Pabmove (Pable Movement) is a collaborative service that includes the Uniform Disposal Program (UDP), Portable Dropbox, and Portable Workshop programs. Findings indicate that these services follow similar operational patterns with the main difference being the source of raw material. Pabtex uses textile waste from garment and post consumer sectors, while Pabmove UDP is built on strategic collaborations with partners.

One example is Pabmove partnership with Bank Central Asia (BCA) in 2021 and Pertamina in 2024, through which recycled uniforms were produced. These collaborations represent a partnership based closed loop model that improves production efficiency and builds a cross sectoral ecosystem. The success of this system depends on Pable's internal capacity, partner engagement, consumer participation, and community support. In this way,

Pable not only produces products from waste but also creates a socio ecological system for collection, sorting, and repoprocessing. This aligns with Mahrus et al (2024) who argue that developing products or services can expand market share and that co-creation principles help establish a sustainable ecosystem for collective goals.

Pable's Competitive Advantage in an RBV Perspective

The Resource Based View (RBV) framework, introduced by Barney and cited in Yulianti & Meutia (2020), explains that sustainable competitive advantage can be achieved if resources are valuable, rare, imperfectly imitable, and non-substitutable (VRIN). Pable demonstrates several advantages across these dimensions. First, the company's processing of textile waste into recycled yard reduces water consumption by up to 90%-98%, creating a valuable resource for partners seeking Environmental, Social, and Governance (ESG) compliance such as BCA, Bank Mandiri, Pertamina, and other entities.

Second, Pable's rare advantage lies in its unique combination of sustainable production and cross sectoral collaboration, which remains uncommon in Indonesia's textile industry. Example include partnership with Indosole, Kopi Tuku, and large institutions such as Pertamina. Third, Pable's approach is difficult to imitate because it relies on a community based model that engages local designers in fabric motifs, creating a complex and locally embedded structure. As one Pable employee noted

"Pable works with local partners, educates the public, and uses social media to raise awareness of the importance of the circular economy. They also engage local communities to support production, and some fabric designs (motifs) use the services of local designers (Surabaya)"

In addition, Pable's involvement in workshops and art installations illustrates a narrative driven approach that reflects path dependency. A condition in which competitive advantage develops through unique historical processes that cannot be easily replicated. Fourth, the integration of technical, social, and environmental aspects in the business model makes it non substitutable compared to conventional cost driven approaches. This position was strengthened in January 2025 when Pable received Recycled Claim Standard (RCS100) certification, verifying that its products are made entirely from recycled materials.

Implications for the Circular Economy

Pable demonstrates that circular economy practices can be effectively implemented by local actors without relying on large scale industry. Design based methods, careful material selection, community empowerment, and public education are key elements of its closed loop system. This is in line with the views of the Bappenas (2023) which emphasizes the importance of maintaining the value of resources through recycling and reuse and with Kirchherr et al (2023) from the Ellen MacArthur Foundation that the current focus of the circular economy extends from the application of recycling to the process of creating interconnected and sustainable systems.

The Impact of Closed Loops on Business Growth

The closed loop model has significantly strengthened Pable's business growth. The company has gained recognition as a pioneer in local textile recycling, building a strong sustainability narrative that attracts public, community, and corporate attention. Strategic collaborations, such as the Looping Life campaign with Bank Mandiri, not only expanded public education but also enhanced brand visibility and credibility. Despite initial challenges in consumer perception regarding recycled products, Pable has built trust through educational initiatives and consistent quality standards. By maintaining transparency in production, integrating social values, and embedding educational elements in its products, Pable has fostered consumer loyalty and repeat purchases. This is reflected in the statement of the speaker:

"The market response has been quite positive, although there are challenges related to the initial perception of the quality and success of recycling. We actively educate consumers and are consistent on product quality starting from careful cleaning and processing processes"

This educational strategy and quality consistency are the foundation in building consumer trust. By bringing transparency to the production process, social values, and education in each product, Pable builds an emotional connection with environmentally conscious consumers. This encourages the creation of loyal customers and repeat purchases. In addition, the expansion of the partnership network driven by a shared vision of sustainability allows Pable to increase operational capacity as well as expand the scale of its impact. In other words, the closed-loop approach not only optimizes the technical aspects of production, but also becomes a value strategy that strengthens business credibility and expands collaborative networks.

However, the effectiveness of this system cannot stand alone. As with the nature of closed loop systems, the long-term success of closed loops depends heavily on the involvement of all actors in the cycle. Products that have been used and have reached their end-of-life are ideally returned to Pable so that the material can be reabsorbed through an advanced recycling process. These findings provide an empirical picture that the implementation of the circular economy in Indonesia is not solely the domain of large-scale industries. Local actors like Pable show that the integration of design approaches, careful material selection, community empowerment, and collaboration with strategic partners can form an effective and contextual closed-loop system.

Recent study by Kirchherr et al (2023) shows that compared to 2017, there has been an expansion of recognition of the role of various actors as enablers in the transition to a circular economy. Previously, the focus of the circular economy was only on consumers and business models. There is now a wider recognition of seeing the circular economy as a multi-stakeholder alliance involving producers, consumers, policymakers, academics, and technological innovations. This confirms that the success of the implementation of the circular economy is no longer dependent on resource efficiency. Rather, it is on the ability of these actors to build consensus, synergize policies, and align cross-sector implementation and product lifecycles. As conveyed by Atma as CEO and Founder of Pable

"Pable has always encouraged inclusivity in every movement or every step we take... So that the echo of the application of the circular economy or closed loop activities can also be understood by more people."

Limitations and Unanswered Questions

This study faces limitations due to restricted access to certain strategic data, including profit margins, client marketing strategies, and revenue growth figures which remain confidential. Technical issues also arose during some interview recordings, though the key points were reconstructed immediately afterward to ensure data accuracy.

CONCLUSION

This study explored the application of circular economy principles through the closed loop model and their relationship with the business growth of Pable Indonesia. The findings of the study show that Pable's closed loop practices contribute not only to environmental goals but also to business performance by improving resource efficiency, reducing reliance on virgin raw materials, and strengthening brand reputation. These outcomes foster business growth through customer loyalty, strategic partnerships, and cross sector collaboration opportunities.

From a RBV perspective, Pable leverages resources that are valuable, rare, imperfectly imitable, and non-substitutable forming the foundation of its competitive advantage.

However, not all dimensions of RBV could be fully examined due to limited access to strategic company data. Future research should explore policy dynamics to assess the long term sustainability of business model.

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