

Abstract

One of the problems faced by Clothing Manufacturing SMEs in Semarang city is increasing the number of competitor. This study aims to determine the effect of market orientation, learning orientation, relational capital, and product innovation to improving competitive advantage in Clothing Manufacturing.

The hypotheses proposed in this study are (1) Market orientation has a positive effect on product innovation, (2) Learning orientation has a positive effect on product innovation, (3) Market orientation has a positive effect on competitive advantage, (4) Learning orientation has a positive effect on competitive advantage, (5) Relational capital has a positive effect on competitive advantage, and (6) Innovation product has a positive effect on competitive advantage.

The object in this study is 138 Clothing Manufacturing SMEs in Semarang city whereas the respondents are owners or managers in that unit bussiness. The research instrument used a questionnaire distributed to 138 respondents. 127 useable questionnaires were returned and analyzed for this research. The analysis tool used is Structural Equation Modeling (SEM) in AMOS 24 software program.

The results showed that Market orientation has a positive effect on product innovation, Learning orientation has a positive effect on product innovation, Market orientation has a positive effect on competitive advantage, Learning orientation has a positive effect on competitive advantage, Relational capital has no significant effect on competitive advantage, and Innovation product has a positive effect on competitive advantage. Limitation of this research is only 127 useable qestionnaires from 138 Clothing Manufacturing SMEs in Semarang city. This research establishes suggestions to strategies of Clothing Manufacturing SMEs in Semarang city to increase competitive advantage. This research enables practitioners and scholars to comprehend and make legitimate decisions and conclutions that can survive in rapid industry.

Keywords: Market orientation, learning orientation, relational capital, product innovation, competitive advantage.