

ABSTRACT

**THE EFFECT OF INNOVATION AND PRODUCT QUALITY ON
COMPETITIVE ADVANTAGE**

*(Survey of Pandan Weaving Companies in the Rajapolah Handicraft Industry
Center, Tasikmalaya Regency)*

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The objective of this study was to determine and analyze the effect of product innovation and product quality on competitive advantage at the Pandan Woven Company in the Rajapolah Handicraft Industry Center, Tasikmalaya Regency. This research was designed as a type of survey method by distributing questionnaires to 163 respondents who were employees of 15 pandan woven companies in the Rajapolah handicraft industry center, Tasikmalaya Regency, using a total sampling technique. The analytical tool used in this study is multiple linear regression analysis. The results of the study prove that product innovation has a significant influence on competitive advantage as well as product quality which is proven to have an influence on competitive advantage. Then product innovation and product quality have a simultaneous influence on competitive advantage at the Pandan Weave Company in the Rajapolah Handicraft Industry Center, Tasikmalaya Regency.

Keywords: Product Innovation, Product Quality, Competitive Advantage