

## ABSTRACT

In today's rapidly evolving digital landscape, the integration of technology and effective knowledge management has become crucial for firms striving to maintain competitiveness and foster innovation. This study explores the role of technology implementation and knowledge management in enhancing product innovation and firm performance, with a specific focus on Indonesian small and medium-sized enterprises (SMEs). Drawing from the Technology-Organization-Environment (TOE) framework and the Resource-Based View (RBV) theory, this research investigates the mechanisms through which technological advancements and knowledge management practices influence innovation outcomes and organizational success.

Using a qualitative methodology, this research collects data through interviews, observations, and document analysis from senior managers across various Indonesian SMEs. The findings demonstrate that the adoption of digital technologies and the systematic management of knowledge significantly drive product innovation, which acts as a mediator in enhancing firm performance. The study further shows that both technology implementation and knowledge management practices have direct effects on organizational outcomes, emphasizing the importance of leveraging digital capabilities and knowledge-sharing mechanisms to foster long-term competitiveness.

This thesis provides valuable insights for business leaders, policymakers, and researchers seeking to understand the dynamics of digital transformation, innovation, and knowledge management in emerging economies. By offering a nuanced understanding of how Indonesian SMEs can harness these factors to achieve sustainable growth, the study contributes to the broader discourse on innovation management and organizational performance in the digital era.

**Keywords:** *Technology Implementation, Knowledge Management, Product Innovation, Firm Performance, SMEs, Digital Transformation, TOE Framework, RBV Theory*