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THE EFFECT KNOWLEDGE MANAGEMENT AND ENTREPRENEURSHIP ORIENTATION ON ORGANIZATIONAL PERFORMANCE THROUGH INNOVATION

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ABSTRACT

Background: Village-Owned Enterprises (BUMDes) are believed to have many benefits for rural communities. Village economic development has become a major concern for the government, especially in developing countries, including Indonesia.
Aim: This research discusses Knowledge Management, Entrepreneurial Orientation, and Innovation on the Performance of Village-Owned Enterprises.
Method: A sample of 42 Village-Owned Enterprises (BUMDes) in Bojonegoro Regency, including the Chairman, Secretary, and Treasurer who are directly involved in strategic decision making in the organization. Based on these data, SmartPLS 4.0 Software processes structural parameter estimates according to the relationship model as described in the conceptual framework of the study.
Findings: The results showed that Entrepreneurship and Innovation Orientation has a positive and significant effect on Organizational Performance, but Knowledge Management does not have a positive and significant effect on Organizational Performance. Meanwhile, Innovation becomes the Full Mediation of Knowledge Management to Organizational Performance. Then Innovation becomes a Partial Mediation of Entrepreneurial Orientation towards Organizational Performance.

KEYWORDS

knowledge management, entrepreneurial orientation, innovation, organizational performance

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INTRODUCTION

In realizing national development, the village is the spearhead of the government. By the time COVID-19 was declared a global pandemic by the World Health Organization (WHO), it caused economic crises everywhere. Therefore, the government needs to provide policies, especially in rebuilding the village economy. The government must ensure that the actions to be taken are sensitive to the needs of the poor so that handling the impact of the crisis is easily overcome. The government has a very close reach to the community to empower local resources. Therefore, the government continues to encourage the village economy through Law Number 6 of 2014. Villages are advised to have a business entity that is useful for meeting the needs of the community, especially basic needs and the availability of untapped village resources and humans who are able to manage these business entities as economic driving assets, one of which is Village-Owned Enterprises (BUMDes).

The issue of Village-Owned Enterprises (BUMDes) is increasingly important, especially for Indonesia, where the government has spent large amounts of money and allocated to village funds in the last 5 years (Law of the Republic of Indonesia Number 6 of 2014 concerning

Villages, 2014). In Indonesia, this large fund supports the sustainability of village businesses known as Village-Owned Enterprises (BUMDes). A village that serves as a social institution and a commercial institution. Village-Owned Enterprises (BUMDes) as social institutions that prioritize the interests of the community through their contribution to the provision of social services. Whereas in the same context, as a commercial institution that aims to seek profit by offering local resources (products and services).

The desire to get better performance is also felt by Village-Owned Enterprises (BUMDes). The performance of Village-Owned Enterprises (BUMDes) has increased in line with the increase in Village-Owned Enterprises (BUMDes) in each region. However, Village-Owned Enterprises (BUMDes) are still required to find and find ways to be able to maintain and improve the performance of the organization. Village-Owned Enterprises (BUMDes) must think of ways to improve their performance because more and more villages have new works. Several studies in developed countries have shown that companies in rural areas can outperform existing companies in urban areas.

Village-Owned Enterprises (BUMDes) are believed to have many benefits for rural communities, but there is still little research related to Village-Owned Enterprises (BUMDes)s in developing countries. Village economic development has become a major concern for the government, especially in developing countries, including Indonesia. One of the Indonesian Government's development agendas is to build Indonesia from suburban and rural areas that have low accessibility, negative migration balance, and low levels of education (Naldi, *et al*., 2015). Village-Owned Enterprises (BUMDes) that are not followed by community participation, are a challenge for the village government because they hinder their optimal use.

In 2017, Village-Owned Enterprises (BUMDes) became one of the priority programs of the Ministry of Villages, Development of Disadvantaged Regions and Transmigration (*Kemendes* or *Kementerian Desa, Pembangunan Daerah Tertinggal, dan Transmigrasi*). Through Village-Owned Enterprises (BUMDes), communities are encouraged to manage the economy independently. However, the products produced tend to be less consistent in terms of quality and quantity so that these products or services are less in demand by the market. According to Prabowo et al. (2021) this is because there are still many villages that do not have qualified human resources in planning, managing and marketing these products or services so that it will affect the performance of Village-Owned Enterprises (BUMDes).

The achievement of organizational performance cannot be separated from strategic steps, namely through increasing the revitalization of Village-Owned Enterprises (BUMDes). The government needs to revitalize businesses that can adapt to the current pandemic conditions, so a strategy is needed so that businesses can survive. Modifying (updating) the village economic development program in this new normal era is one of the strategies to accelerate new development during the COVID-19 pandemic (Muhyiddin, 2020). The government has developed Village-Owned Enterprises (BUMDes) to improve the welfare of rural communities. East Java proves to be the repository of independent villages.

Based on the IDM (Building Village Index), East Java was named the province with the most independent villages in Indonesia. Based on the Decree of the Minister of PDTT RI number 80 of 2022 concerning the status of progress and village independence in 2022, the number of independent villages in East Java is recorded as many as 1,490 villages with independent status, 3,906 developed villages, and 2,326 villages with developing status. In East

Java, Bojonegoro is the district with the highest number of independent villages with 155 independent villages.

Empirical research related to the relationship of knowledge management to organizational performance by Koohang et al. (2017) and Arfati (2018) found that knowledge management has a positive and significant effect on organizational performance. The results of this study are in line with research conducted by Muthuveloo et al. (2017) conducted in manufacturing companies in Malaysia and registered in the FMM (Federation of Malaysian Manufacturers) directory also found that knowledge management has a positive and significant effect on organizational performance. Similar research was also conducted by Payal et al. (2019); Limsangpetch et al. (2022) found that knowledge management has a positive and significant effect on organizational performance. Different results were found in the research of Mills and Smith (2011) found that knowledge management had no effect on organizational performance.

Another factor that plays a role in influencing organizational performance is entrepreneurial orientation. Entrepreneurial orientation is referred to as the strategic posture of entrepreneurship, which is strongly distinguished by a willingness to proactively evaluate and take advantage of emerging business opportunities (Kohtamäki et al., 2019). Previous studies have viewed entrepreneurial orientation as a vital strategic resource because it represents the company's philosophy of how businesses perform proportionately to the environment. Thus, entrepreneurial orientation allows the company to respond to environmental mental disorders by looking for new opportunities and offers creative solutions that distinguish the company from its competitors in the market. Furthermore, Al-Hakimi et al. (2021), in line with the resource-based view (RBV), states that entrepreneurial orientation is a resource that only has potential value. In order to benefit from an entrepreneurial orientation in gaining a competitive advantage and achieving the desired performance, the company must take appropriate strategic actions. It is the capability by which corporate resources are deployed, rather than a simple variance of resources, that explains the differences in company performance (Eisenhardt & Martin, 2000). In view of this, companies must develop dynamic capabilities to take advantage of the potential of entrepreneurial orientation.

Research related to the relationship of entrepreneurial orientation with organizational performance has been carried out by several researchers. Mahrous and Genedy (2019) conducted research in manufacturing companies in Egypt, finding that entrepreneurial orientation has a positive and significant effect on organizational performance. Furthermore, Al-Dhaafri and Alosani (2020) that entrepreneurial orientation has a positive and significant effect on organizational performance. Different results were found in the study of Tang et al. (2008); Su et al. (2011) found that entrepreneurial orientation has no effect on organizational performance. Furthermore, the research of Raoof et al. (2021) on SMEs in Pakistan found that entrepreneurial orientation has no effect on organizational performance.

Innovation in today's highly competitive and complex business environment, becomes a powerful weapon for the continued success of organizations. Innovation is not only to cope with global pressures and meet rapid needs but also to serve as an engine of social and economic development. In the literature often distinguish several categories of innovation such as product and process innovation, radical and additional innovation, administration and technological innovation (Al-Hakim & Hassan, 2016).

A lot of literatures on innovation highlighting the relevance and importance for economic growth, by pointing out that innovation is a multifaceted socio-cultural development that affects a wide range of stakeholders and different sources of knowledge (Alaie, 2020; J. Chen et al., 2018; Edwards-Schachter, 2018; Liu & Wang, 2022). In addition, emerging studies show that the changes brought about by the digital economy require innovation and corporate agility in the form of utilizing internal capabilities, such as knowledge management to improve performance especially in scarce environmental resources (Ngoasong, 2018).

Several studies show how technological changes force companies to strengthen their knowledge assets, as a means to drive innovation (Y. S. Chen, 2010). In recognizing the value of innovation, it largely depends on the level of the company to be able to turn knowledge resources into innovative results (Alegre et al., 2013; Kugler, 2019), many companies are embarking on general knowledge management practices and activities to try and improve performance (Alegre et al., 2013; Ciasullo et al., 2020).

According to Migdadi (2021), the mediating effect of innovation on organizational performance is established because there is a positive relationship between innovation and organizational performance. The research was strengthened by Cinar et al. (2020) showing that innovation has a positive effect on organizational performance. These results mean that innovative activities lead to higher performing companies due to new products or radically improved products. Furthermore, Sciarelli et al. (2020) revealed that there is a significant relationship between innovation and organizational performance. Then the research of Urban and Matela (2022) also found that innovation is positively related to organizational performance.

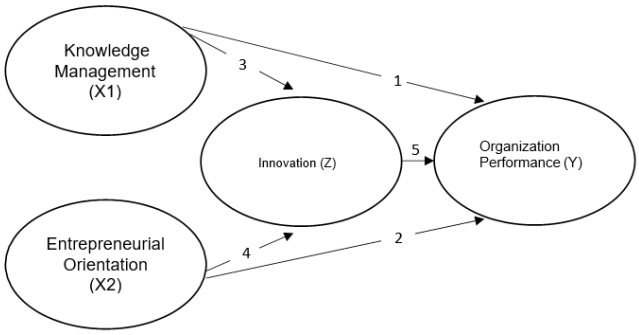
Breznik (2018) conducted research on the relationship between innovation and knowledge management. The results reveal a significant relationship between innovation and knowledge management. In line with Rofiaty (2019) who also examined the relationship between innovation and knowledge management, showing that knowledge management has a significant effect on innovation. Then strengthened by the research of Anggraeni et al. (2020) which also shows directly that there is a significant influence of knowledge management on innovation. Another factor influencing innovation is entrepreneurial orientation.

Research conducted by Al-Hakimi et al. (2021) found that knowledge management strategies have a significant influence and have a direct positive effect on innovation and organizational performance. Furthermore, Cuevas-Vargas & Parga-Montoya (2021) found that entrepreneurial orientation has a significant effect on innovation. Furthermore, Wadood (2022) conducted research on the furniture industry in Malaysia, finding that entrepreneurial orientation has a significant effect on innovation.

Knowledge management and entrepreneurial orientation are interesting to research with the aim of filling gaps in previous research. This research analyzes the influence of knowledge management and entrepreneurial orientation on organizational performance through innovation with the aim of improving organizational performance. The results of this study are expected to fill the gaps in previous studies. The selection of innovation variables aims to explain the relationship between knowledge management and entrepreneurial orientation to organizational performance.

The object of this study is a Village-Owned Enterprises in Bojonegoro Regency. The selection of Bojonegoro Regency as the research location because it has the largest number of

independent villages in Indonesia, namely 155 villages. Based on some of the descriptions above, a more in-depth study is needed in the form of research with the research title "The Effect Knowledge Management and Entrepreneurship Orientation on Organizational Performance Through Innovation." The purpose of this study is to test and analyze the influence of knowledge management on organizational performance, the influence of entrepreneurial orientation on organizational performance, the influence of knowledge management on innovation, the influence of entrepreneurial orientation on innovation, the influence of innovation on organizational performance, the influence of knowledge management on organizational performance through innovation, and the influence of entrepreneurial orientation on organizational performance through innovation. This research is expected to be able to explain the influence of knowledge management and entrepreneurial orientation on organizational performance through innovation, and can be used as material for further organizational policy considerations.



Picture 1. Conceptual Framework

METHOD

The type of research used in this study is explanatory research with a quantitative approach. This research was conducted at Village-Owned Enterprises (BUMDes) located in Bojonegoro Regency. The population in this study was Village-Owned Enterprises (BUMDes) in Bojonegoro Regency, while the sample in this study were Village-Owned Enterprises (BUMDes) listed in the following table:

Table 1. Sample BUMDes

No	District	Village	Total
1.	Balen	Balenrejo, Kemamang, Sekaran, Sidobandung	4
2.	Bojonegoro	Campurjo, Kauman, Mulyorejo, Sukorejo	4
3.	Kanor	Gedongarum, Kabalan, Kedungprimpen, Pesen, Simorejo, Tambahrejo, Tejo	7
4.	Kapas	Bakalan, Bendo, Bogo, Kalianyar,Kedaton, Mojodeso, Plesungan, Sambiroto, Semen Pinggir, Tanjung Harjo, Tikusan, Sukowati	12
5.	Sekar	Klino	1
6.	Sugihwaras	Bulu, Glagah Wangi, Glagahan, Panemon, Sugihwaras	5

7.	Sukosewu	Jumput, Sidorejo, Tegalkodo	3
8.	Sumberrejo	Mejuwet, Sumberrejo, Sumuragung	3
9.	Temayang	Jono, Kedungsumber, Temayang	3
		Total	**42**

The primary data of this study is in the form of data on the results of questionnaires to decision makers in Village-Owned Enterprises (BUMDes). Meanwhile, the secondary data of this study came from previous research, literature and websites. Then, for data analysis, the techniques used were descriptive statistical analysis and inferential data analysis using the Structural Equation Model-Partial Least Square (SEM-PLS).

RESULTS AND DISCUSSION

Direct Influence Testing

Table 2. Direct Influence Test Results

Relationship	Path Coefficient	t- Statistics	p-Value	Information
Management knowledge = > Organizational performance	0.149	1.409	0.159	Insignificant
Entrepreneurial orientation => Organizational performance	0.399	3.162	0.002	Significant
Knowledge management => Innovation	0.289	2.084	0.037	Significant
Entrepreneurial orientation => Innovation	0.566	4.643	0.000	Significant
Innovation => Organizational Performance	0.424	3.105	0.002	Significant

Source: Data Processed, 2022

The test results in Table 2 above are complemented by visualization through figure 1 by showing the coefficient value of each research hypothesis.

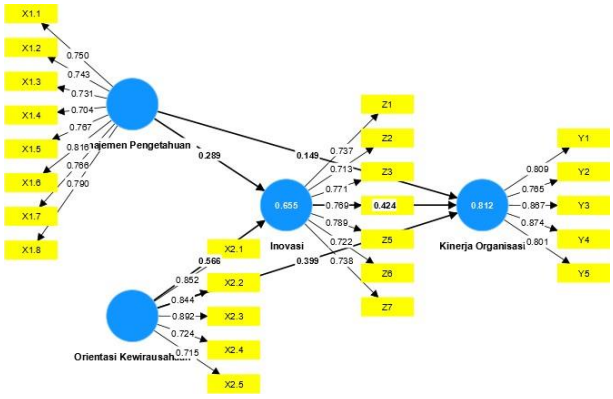


Figure 1. Path of Direct Influence of Structural Models

Based on Table 2, research hypothesis tests related to variables are carried out, namely knowledge management, entrepreneurial orientation, innovation, and organizational performance. Based on the structural model formed, representing the relationship between latent variables, there are 7 hypotheses tested (5 direct influences, 2 indirect influences). Here are the results of testing the hypothesis of direct influence in this study:

Hypothesis 1: Knowledge management has a positive and significant effect on organizational performance.

Based on path coefficient analysis, it is known that the $t_{statistic}$ value on the Knowledge Management variable (X1) to Organizational Performance (Y) is 1,409 < 1.96 at a level of 5%. The acquisition of such $t_{statistic}$ values indicates no significant influence between the Knowledge Management variables (X1) on Organizational Performance (Y). This result can be said that hypothesis 1 i.e. Knowledge Management (X1) has a positive and significant effect on Organizational Performance (Y) is rejected.

Hypothesis 2: Entrepreneurial orientation has a positive and significant effect on organizational performance.

Based on path coefficient analysis, it is known that the $t_{statistic}$ value on the variable Entrepreneurial Orientation (X2) to Organizational Performance (Y) is 3,162 > 1.96 at a level of 5%. The acquisition of the $t_{statistic}$ value shows a positive and significant influence between the variables of Entrepreneurial Orientation (X2) on Organizational Performance (Y). This result can be said that hypothesis 2 i.e. Entrepreneurial Orientation (X2) has a positive and significant effect on Organizational Performance (Y) is accepted.

Hypothesis 3: Knowledge Management has a positive and significant effect on innovation.

Based on path coefficient analysis, it is known that the t-statistical value in the Knowledge Management variable (X1) to Innovation (Z) is 2,084 > 1.96 at a level of 5%. The acquisition of the $t_{statistic}$ value shows a positive and significant influence between the Knowledge Management variables (X1) on Innovation (Z). This result can be said that hypothesis 3 i.e. Knowledge Management (X1) has a positive and significant effect on Innovation (Z) is accepted.

Hypothesis 4: Entrepreneurial orientation has a positive and significant effect on innovation

Based on path coefficient analysis, it is known that the $t_{statistic}$ value on the variable Entrepreneurial Orientation (X2) to Innovation (Z) is 4,643 > 1.96 at a level of 5%. The acquisition of the $t_{statistic}$ value shows a positive and significant influence between the variables of Entrepreneurial Orientation (X2) on Innovation (Z). This result can be said that hypothesis 4 namely Entrepreneurial Orientation (X2) has a positive and significant effect on Innovation (Z) is accepted.

Hypothesis 5: Innovation has a positive and significant effect on organizational performance.

Based on path coefficient analysis, it is known that the $t_{statistic}$ value on the Innovation variable (Z) to Organizational Performance (Y) is 3,105 > 1.96 at a level of 5%. The acquisition of the $t_{statistic}$ value shows a positive and significant influence between the Innovation variable (Z) on Organizational Performance (Y). This result can be said that hypothesis 5 i.e. Innovation (Z) has a positive and significant effect on Organizational Performance (Y) is accepted.

Mediation Testing

The results of mediation testing using the values in the SmartPLS output version 4.0 with boothstrapping techniques. The following are fully presented the results of mediation testing in table 3 below:

Table 3. Mediation Test Results

Relationship	Path Coefficient	t- Statistics	p-Value	Information
Knowledge Management => Innovation => Organizational Performance	0.123	1.657	0.098	Insignificant
Entrepreneurial Orientation => Innovation => Organizational performance	0.240	2.550	0.011	Significant

Source: Data Processed, 2022

Hypothesis 6: Knowledge management has a positive and significant effect on organizational performance through innovation.

Based on path coefficient analysis, the $t_{statistic}$ value on the Knowledge Management variable (X1) to Organizational Performance (Y) through Innovation (Z) is 1,657 > 1.96 at a level of 5%. The acquisition of these $t_{statistic}$ values shows that the Innovation variable (Z) is unable to mediate the influence between the Knowledge Management variable (X1) on Organizational Performance (Y). Thus, hypothesis 6 namely Knowledge Management (X1) has a positive and significant effect on Organizational Performance (Y) through Innovation (Z) is rejected. Therefore, Innovation (Z) does not mediate on the influence between Knowledge Management (X1) on Organizational Performance (Y) with a no-effect, non mediation, because neither direct nor direct influence is significant.

Hypothesis 7: Entrepreneurial orientation has a positive and significant effect on organizational performance through innovation.

Based on path coefficient analysis, the $t_{statistic}$ value on the variable Entrepreneurial Orientation (X2) to Organizational Performance (Y) through Innovation (Z) is 2,550 > 1.96 at a level of 5%. The acquisition of the $t_{statistic}$ value shows that the Innovation variable (Z) is able to mediate the influence between the Entrepreneurship Orientation variable (X2) on

Organizational Performance (Y). Thus, hypothesis 7 namely Entrepreneurial Orientation (X2) has a positive and significant effect on Organizational Performance (Y) through Innovation (Z) is accepted. Therefore, it can be concluded that Innovation (Z) mediates the influence between Entrepreneurial Orientation (X2) on Organizational Performance (Y) and complementary mediation effects, because direct and indirect influences have a positive and significant effect.

The Effect of Knowledge Management on Organizational Performance

Increasing knowledge management cannot improve organizational performance. This research shows that knowledge management has no positive and significant effect on organizational performance. Based on the results of data analysis, it can be seen that decision makers in Village-Owned Enterprises, on indicators of knowledge management variables are not able to improve the performance of Village-Owned Enterprises. Then the knowledge storage indicator becomes the indicator with the highest assessment results on knowledge management variables. This illustrates that decision makers are already able to explain, code, communicate knowledge, apply procedures and systems, and are able to manage information to support the realization of organizational goals. However, it still cannot improve the performance of the organization.

The results of this study are in line with Mills & Smith (2011) that in service and manufacturing companies to evaluate the impact of knowledge management on organizational performance there are several sources of knowledge (e.g. organizational structure, application knowledge) that can be directly related to organizational performance, while others (e.g. technology, knowledge, conversion), although an important prerequisite for knowledge management, it is not directly related to performance organization.

However, the results of this study are not in line with Koohang, et al. (2017), Arfati (2018), Muthuveloo et al. (2017), Payal et al. (2019), Limsangpetch et al. (2022) who found that there is a positive and significant relationship between knowledge management and organizational performance. The findings support knowledge management consisting of knowledge acquisition, knowledge storage, knowledge sharing, and knowledge application correlated with organizational performance. In addition, this research can help better understand the characteristics of organizational staff to utilize knowledge management models to achieve good goals on organizational performance.

The Effect of Entrepreneurial Orientation on Organizational Performance

The increasing orientation of entrepreneurship can improve organizational performance. This research shows that entrepreneurial orientation has a positive and significant effect on organizational performance. Based on the results of data analysis, it can be seen that decision makers in Village-Owned Enterprises, on indicators of entrepreneurial orientation variables are able to improve the performance of Village-Owned Enterprises. Then the risk-taking indicator becomes the indicator with the highest assessment results on the entrepreneurial orientation variable. This illustrates that decision makers dare to pursue opportunities, dare to take risks of loss, and dare to make decisions to support the realization of organizational goals, so as to improve organizational performance.

The results of this study are in line with Mahrous and Genedy (2019), Al-Dhaafri and Alosani (2020), the results of the study found that the overall entrepreneurial orientation has a

positive and significant influence on organizational performance. However, this study does not support Tang et al. (2008), Su et al. (2011), and Raoof et al. (2021) which shows that entrepreneurial orientation does not have a positive effect on organizational performance in new companies, but has a positive and significant effect on established companies.

The Effect of Knowledge Management on Innovation

Increasing knowledge management can increase innovation. This research shows that knowledge management has a positive and significant effect on innovation. Based on the results of data analysis, it can be seen that decision makers in Village-Owned Enterprises, on indicators of knowledge management variables are able to increase innovation from decision makers in Village-Owned Enterprises. Then through the application of knowledge, decision makers are able to use and utilize knowledge, as well as generate new knowledge assets so as to increase their innovation.

The results of this study are in line with Breznik (2018) who conducted research on the relationship between innovation and knowledge management. The results reveal a significant relationship between innovation and knowledge management. In line with Rofiaty (2019) who also examined the relationship between innovation and knowledge management, showing that knowledge management has a significant effect on innovation. Then strengthened by the research of Anggraeni et al. (2020) which also shows directly that there is a significant influence of knowledge management on innovation.

The Effect of Entrepreneurial Orientation on Innovation

The increasing orientation of entrepreneurship can increase innovation. The research shows that entrepreneurial orientation has a positive and significant effect on innovation. Based on the results of data analysis, it can be seen that decision makers in Village-Owned Enterprises, on indicators of entrepreneurial orientation variables are able to increase innovation from decision makers in Village-Owned Enterprises. Then through the ability to discover new knowledge and ideas, the ability to develop new products can enhance their innovation.

The research is in line with Al-Hakimi et al. (2021) found that knowledge management strategies have a significant influence and have a direct positive effect on innovation and organizational performance. Furthermore, Cuevas-Vargas and Parga-Montoya (2021) found that entrepreneurial orientation has a significant effect on innovation. Then strengthened by Wadood et al. (2022) conducted research on the furniture industry in Malaysia, finding that entrepreneurial orientation has a significant effect on innovation.

The Effect of Innovation on Organizational Performance

Increasing innovation can improve organizational performance. This research shows that innovation has a positive and significant effect on organizational performance. Based on the results of data analysis, it can be seen that decision makers in Village-Owned Enterprises, on indicators of innovation variables are able to improve the organizational performance of Village-Owned Enterprises. Then through process innovation, namely making the process more economical, and developing the right distribution can improve the performance of Village-Owned Enterprises.

This research is in line with Cinar et al. (2020) which shows that innovation has a positive effect on organizational performance. These results mean that innovative activities lead to higher performing companies due to new products or radically improved products. Furthermore, Sciarelli et al. (2020) revealed that there is a significant relationship between innovation and organizational performance. Then the research of Urban and Matela (2022) also found that innovation is positively related to organizational performance.

The Effect of Knowledge Management on Organizational Performance Through Innovation

Increasing knowledge management cannot improve organizational performance through innovation. This research shows that knowledge management has no positive and significant effect on organizational performance through innovation. Based on the results of statistical testing, it is stated that knowledge management has no positive and significant effect on organizational performance through full mediation of innovation, meaning that changes in the value of innovation cannot mediate changes in the influence between knowledge management on organizational performance.

The Effect of Entrepreneurial Orientation on Organizational Performance through Innovation

The increasing orientation of entrepreneurship can improve organizational performance through innovation. This research shows that entrepreneurial orientation has a positive and significant effect on organizational performance through innovation. Based on the results of statistical testing, it is stated that entrepreneurial orientation has a positive and significant effect on organizational performance through partial mediation of innovation, meaning that changes in the value of innovation can mediate changes in the influence between knowledge management on organizational performance.

CONCLUSION

The results of this study show that the entrepreneurial orientation variable has the lowest average value compared to other variables, so the level of entrepreneurial orientation of decision makers in Village-Owned Enterprises (BUMDes) in Bojonegoro Regency needs to be improved again.

Decision makers in Village-Owned Enterprises, have not been optimal in implementing knowledge management, so in the future it is necessary to hold trainings and counseling to improve existing procedures and systems in the organization.

Decision makers in Village-Owned Enterprises (BUMDes) of Bojonegoro Regency, the majority have interesting innovations involving the potential of each village, but these innovations cannot be carried out due to limited capital owned by the organization. So that in the future Village-Owned Enterprises must be able to cooperate with investors, by promoting the potential of the village.

Researchers are then expected to be able to look for other mediation variables that are able to mediate the influence of knowledge management on organizational performance such as organizational trust.

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