

ABSTRACT

This study aims to address the existing gap in the inconsistent influence of entrepreneurial orientation and knowledge management on organizational performance by proposing an empirical conceptual model based on the Resource-Based View (RBV). The research employs PLS-SEM software to test the conceptual model on 166 respondents from Village-Owned Enterprises (BUMDes) in Rembang Regency, Central Java, using a Likert scale to assess the questionnaire responses. The key findings reveal that all five postulated hypotheses are supported, with the novelty of this research lying in the variables and indicators derived from the Resource-Based View. First, innovation, as a mediator, plays a significant role as an organisational tool in enhancing the influence of entrepreneurial orientation on organizational performance. Second, innovation, as a rare asset, substantially mediates the impact of knowledge management on organizational performance. This study contributes to new insights into the governance of Village-Owned Enterprises in Rembang, specifically by providing a conceptual framework for developing critical assets from available resources. However, the study is limited to exploring the governance development of BUMDes in Rembang Regency, Central Java, and lacks strong generalizability across the sampling region. This limitation presents an opportunity for future research to conduct more extensive studies encompassing the broader Central Java region.

Keywords: *Entrepreneurial orientation, knowledge management, innovation, organizational performance, Resource-Based View*