A SmartPLS Visiting to Knowledge Retention: 
A Study Among SMEs in Peninsular Malaysia

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Abstract

Maintaining knowledgeable employees is a challenge for most organizations. Many SMEs have recently suffered from the loss of knowledge as a result of employees leaving the organization. When employees leave, the organization may suffer from the loss of knowledge, impact on overall productivity, and the organization’s profit. Much previous research has been conducted on succession planning and knowledge management, but there has been a lack of studies concentrated on succession planning and its impact on knowledge retention. Thus, the aim of this study is to determine the direct impact of succession planning initiatives on knowledge retention among SMEs in Peninsular Malaysia. Quantitative methods and survey questionnaires were used to target employees working in SMEs and holding a managerial position in the services and manufacturing sector. 81 respondents participated in this study and the SmartPLS 3.0 software was used to analyse the findings. Empirical findings show that there are two variables related to succession planning initiatives which are management support and organizational culture that contributed significantly towards knowledge retention. Implications of the study are also discussed.

Keywords: Knowledge retention, organizational culture, management support, succession planning initiatives, SmartPLS

1. Introduction

This study explores the concept of succession planning initiatives for Small and Medium-sized Enterprises (SMEs) in the services and manufacturing sectors in Malaysia. SMEs play an important role in national
economic growth, contributing to 98.5% of business establishment and 4.3% of Malaysia’s GDP. Apart from a huge SME establishments and contributions, many SMEs were unable to sustain their business in the first five years of establishments, with significant failures of almost 50% and 2.3% of failures in the first ten years (De Geest, Follmer, Walter and O’Boyle, 2015). The same issues were also highlighted by the findings from the previous researchers in Malaysia that the failure rate of SMEs is at 60% and it requires high consideration from the government bodies (Nordin, Hamid and Woon, 2011; Chong, 2012; Ahmad, 2016; Gulzar and Durrani, 2014) to help them sustain in the industry.

Existing literature highlighted the factors that contributed to the SMEs failure such as poor productivity and performance, access to credit, financial and non-financial issues (Rahman and Radzi, 2016), but there is a lack of discussion focusing on the importance of succession planning initiatives towards knowledge retention amongst SMEs. Succession planning is very significant as it is the key achievement for the growth and sustainability of the business (Vinson, 2014). However, due to retirement, death, and seeking better job opportunities, the organization always faces the risk of losing knowledge, which will consequently have a significant impact on the successful implementation of the succession planning program.

By looking into the perspective of succession planning research in Malaysia, there is still a lack of studies in this field and it has been shown that many SMEs have little knowledge of succession planning and do not understand the concept and importance of those initiatives for the organization (Diya and Mansor, 2020). Therefore, to fill this gap, this study intends to determine the effects of succession planning initiatives towards knowledge retention.

2. Literature Review

Knowledge is a valuable asset and resource for the organization, which should be effectively and efficiently used to address rapidly changing customer expectations and to support a variety of key innovative operational activities (Sandhawalia and Dalcher, 2011). However, the organization suffers from a knowledge loss problem due to retirement, resignation or death of employees and they often takeaway with them valuable knowledge on projects, organizational and customer (Beazley, Boenisch, Harden, 2002). The organization’s ability to retain organizational knowledge is a key feature in determining organizational success (Sutherland and Jordaan, 2004). Thus, knowledge retention focuses on vital knowledge that is at risk of disappearing and therefore, a well-implemented retention plan must be in place for the organization to overcome the problems (Liebowitz, 2009). Succession planning is a proactive approach, which ensures that companies do not suffer from employee turnover. Besides, adopting succession planning programs can help address the issue of employees leaving the organization. These programs can contribute to managing potential resigners and future candidates (Bolander, Werr and Asplund, 2017).

2.1 Knowledge Retention

Knowledge retention is also known as knowledge continuity. Based on Levy (2011), knowledge retention deals with getting knowledge into the organization so that it can be used later. According to Argawal and Islam (2015), knowledge retention is also a sub-discipline for knowledge management and it is concerned with ensuring that the organization does not suffer a loss of knowledge when key employees leave the organization. Knowledge has been identified by many previous researchers as a key organizational practice because knowledge is intangible and difficult to replicate (Nonaka and Takeuchi, 1995). Walsh and Ungson (1991) indicated that there are three activities involved in knowledge retention which are knowledge acquisition, knowledge storage and retrieval of knowledge. It is assumed that these three activities can help the organization to build organizational memory for later retrieval (Bairi, Manohar and Kundu, 2011). Findings by Barzinpour, Jafari and Biuki (2014) have found that succession planning has a major impact on the retention of knowledge. Nevertheless, Levy (2011) found that the previous researcher did not discuss the retention of knowledge widely.
2.2 Succession Planning

Succession planning is an event confronting all businesses, regardless of their sizes. Small businesses make a major contribution to economic development and job creation, as 98.5% of Malaysia’s businesses are SMEs. However, in comparison with large businesses, SMEs need to be smart in utilizing their resources because they are limited like financial capital, labour and equipment (Harrisson, 2002). However, it is found that not all owner-managers of SMEs have growth as an objective, thus contributing to little economic development (Sambrook, 2005).

In defining succession planning, there are numerous definitions and studies made by past researchers. Sambrook (2005) defined succession planning as an attempt by the organization to plan for the right number of employees and employers in the event of retirement as well as when death occurred in the organization. Ip and Jacobs (2006) defined succession planning as a transfer of business from the owner who wishes to retire or leave the business for different reasons. The transfer may be made to members of the family, employees, or external purchasers. Rothwell (2010) also states that the principal objective of succession planning is to ensure that the organization continually maintains key management positions, skilled personnel and tacit knowledge within the organization.

For this study, the researchers have decided to use the succession planning initiatives proposed by Mehrabani and Mohamad (2011). Mehrabani and Mohamad (2011) also indicated that six major succession planning initiatives can be used by the organization to retain employees’ knowledge: training, management support, clarifying career path, creating a positive vision, strong organizational culture and technology advancement.

2.2.1 Training

By looking at the organization’s perspective, training is very important for employees as it helps the organization in its day-to-day operations and advancement (Mak and Sockel, 1999). For employees themselves, training is needed as it can help them develop crucial and critical skills that are important for their career development and advancement (Cappelli, 2000). In a study conducted by Mehrabani and Mohamad (2011), they found that training in the organization can help employees acquire new skills and gain knowledge and thus provide them with a new skill. Gonzalez (2013) stated that the training program carried out must go beyond individuals and involve all employees to achieve the goal of developing as many talents as possible to enhance the succession planning processes. Besides, Galbraith, Sara and Walker (2012) indicated that a good training program could help to develop the skills, knowledge and experience of employees to prepare them for the future. Therefore, this study proposed H1 as indicated below:

H1: There is a positive effect of training on knowledge retention.

2.2.2 Management Support

Management support was identified as one of the succession planning initiatives (Sandelin, 2017). Doan, Rosenthal-Sabroux and Grundstein (2011) define management support as when top management plays an important role in all knowledge retention activities and clearly clarifying the requirements relating to the knowledge retention process. It is believed that, if the management is weak, incompetent and uncommitted coupled with poor information and communication that flows within the organization, the knowledge cannot be transferred to the other employees. In order to ensure that knowledge can be maintained and shared between employees, they need full support from the management (Bennet and Bennet, 2011). In the study conducted by Mehrabani and Azmi (2011), most of the respondents stated that they needed full support from their management for them to carry out well-implemented succession planning initiatives. It is supported by Alyoubi, Hoque, Alharbi, Alyoubi and Almozmi (2018), the successful implementation of knowledge retention depends on the top
management support as they are the person who can encourage and enhance the knowledge sharing among employees to avoid knowledge loss. As a result, this study proposed H2 as indicated below:

H2: There is a positive effect of management support on knowledge retention

2.2.3 Clarifying Career Path

Kirk, Downey, Duckett and Woody (2000) refer to careers as a process for achieving the objectives of the organization and employees by supporting employees with career information, promotional opportunities, job satisfaction, productivity and performance. A career path is very important because it can support internal promotion, recognize the interests and strengths of employees and expand their skills and abilities (Bowes, 2008). A study by Ishak and Kamil (2016) confirmed that clarifying career paths as one of the strategies of succession planning initiatives and supported by Mehrabani and Mohamad (2011) that a clear career path can help employees to better understand their objectives. Therefore, as indicated below, this study proposed H3:

H3: There is a positive effect of clarifying career path on knowledge retention

2.2.4 Creating a Positive Vision

Vision has been defined by past researchers in many ways. One of them is vision can help the individual to better prepare for the future (Christenson, 2004). By looking at the employee perspective, vision gives employees a clear picture of how the organization looks in the future (Farmer, Slater and Wright, 1998). For the employees, vision act as a standard guideline in directing employees’ beliefs and principles to support the organization’s objectives (Mahmood and Aslam, 2016). However, it has been found that most small business enterprises take vision for granted as they have not provided a clear vision for employees (Farmer et al., 1998). A study conducted among knowledge workers by Mahmood and Aslam (2016) found that positive vision had a significant impact on the retention of knowledge. In their study, it is supported by Mehrabani and Mohamad (2011), who found that the vision is essential because it gives employees a clear picture and direction to ensure that succession planning initiatives are successfully implemented by the organization. Therefore, as indicated below, this study proposed H4:

H4: There is a positive effect of creating a positive vision on knowledge retention

2.2.5 Strong Organizational Culture

Previous studies have highlighted culture as a shared value shared by a common group (Alvesson, 2004). Supporting organizational culture is needed to ensure that the organization has successful succession planning initiatives (Groves, 2011). Embedding the culture of knowledge sharing within the organization will encourage the retention of knowledge within the organization as employees feel they are trusted and empowered (Nawakda, Fathi and Mohammed, 2008). It is found that, if there is a supportive organizational culture, it will help employees to stay longer in the organization, therefore the knowledge will be retained in the organization (Ghosh, Goel and Dutta, 2019). As Adolfsson and Anhein-Ulvenäs (2016) point out, a strong organizational culture encourages employees to be open to sharing the knowledge they have and will also be willing to help others who are in need. By contrast, an organization that has not supported a culture of knowledge sharing among employees can lead to a lack of team cohesion and also a lack of knowledge sharing. Therefore, as indicated below, this study proposed H5:

H5: There is a positive effect of strong organizational culture on knowledge retention

2.2.6 Technology Advancement

In today’s rapid economic change, all organizations need to prepare for the adoption of new technology advancements so that they can become competitive advantages in the marketplace around the world.
Technology advancement is a method of integrating and restructuring knowledge to generate new ideas (Imran, Maqbool & Shafique, 2014). As proposed by Mehrabani and Mohamad (2011) technology advancement is one of the initiatives that the organization can use in retaining knowledge. However, Badawy and Magdy (2015) have stated in their research that it is difficult for the organization to manage their knowledge because the new technology has kept changing the organizational culture, scope of work, skills, and abilities. As a result, the organization must ensure that it implements a digitized organization to maintain its sustainability and remain competitive. Therefore, as indicated below this study proposed H6:

H6: There is a positive effect of technology advancement on knowledge retention

3. Research Model

The conceptual framework has been developed as illustrated in Figure 1. By using this framework, the researchers investigated the impact of succession planning initiatives on knowledge retention. There are six hypotheses proposed to answer the research objectives and questions.

![Conceptual Framework](source: Mehrabani and Mohamad (2011))

4. Research Methodology

This study adopted a quantitative method to examine the relationship among variables. In this analysis, there are six independent variables of succession planning initiatives: training, management support, clarifying career path, creating positive vision, strong organizational culture and technology advancement, whereas, knowledge retention acts as a dependent variable. The respondents of this study are employees who work in SMEs and hold managerial positions in the services and manufacturing sector in Peninsular Malaysia. Structured questionnaires with a 5-point Likert scale were used during the data collection and the questions were gathered from the previous studies (Kantabura, 2009; Folkers, 2008; Mateso, 2010 and Mehrabani & Mohamad, 2011). The list of registered employees was obtained from the Ministry of Entrepreneur Development Portal. The respondents were randomly chosen and the total sets of 150 questionnaires were distributed and 102 respondents were returned. However, after data cleaning process, 21 respondents were removed and thus, the total number of respondents remained in the analysis was 81 only.

In getting the respondent's participation, the researchers used a mixed-mode survey using online and traditional media (Fricker & Elliott, 2002). Instead of using e-mail, mail, and telephone, the traditional method allowed respondents without Internet access to have the opportunity to participate in this study. The questionnaires are divided into three parts. Part A represents a demographic profile of the respondents, Part B represents succession planning initiatives and Part C represents knowledge retention.

4.1 Demographic Profile

Table 1 shows the demographic characteristics of 81 respondents. There are 35.8 percent male and 64.2 percent female respondents. The majority of respondents are aged between 26 and 35 years of age,
representing 34.6 percent, followed by those below the age of 25 with 27.2 percent. The highest education level of most respondents is a bachelor degree represented by 43.2 percent followed by a tertiary (certificate/diploma) with 38.3 percent. In the case of employment positions, it is found that the majority of respondents hold a supervisory level of management with 42 percent, followed by a top management position of 40.7 percent. Besides, 46.9 percent of respondents have had work experience of between 1-5 years, followed by 6-10 years with 38.4 percent. Of the 81 questionnaires returned, 22.2 percent of respondents were from Selangor and 13.6 percent from Wilayah Persekutuan. Furthermore, 65.4 percent of the respondents are from the services sector and 34.6 percent from the manufacturing sector. According to 54.3 percent of the respondents, the level of succession planning in their organization is well managed, 23.5 percent selected superiorly managed and 22.2 percent as a fair effort. Most of the organization used lesson-learned with 38.3 percent as a medium for knowledge storage, followed by the database with 24.7 percent. Finally, according to the respondents, the knowledge retention approach mostly used by the organization is an interview with 33.3 percent and becoming a mentor with 23.5 percent.

Table 1: Respondents Demographic Profile

| Demographic        | Frequency | Percentage (%) | Demographic        | Frequency | Percentage (%) |
|--------------------|-----------|----------------|--------------------|-----------|----------------|
| 1. Gender          |           |                | 6. Location:       |           |                |
| Male               | 29        | 35.8           | Perlis             | 4         | 4.9            |
| Female             | 52        | 64.2           | Kedah              | 6         | 7.4            |
|                    |           |                | Pulau Pinang       | 5         | 6.2            |
|                    |           |                | Perak              | 7         | 8.6            |
|                    |           |                | Selangor           | 18        | 22.2           |
|                    |           |                | Wilayah Persekutuan| 11        | 13.6           |
|                    |           |                | Negeri Sembilan    | 4         | 4.9            |
|                    |           |                | Melaka             | 6         | 7.4            |
|                    |           |                | Johor              | 5         | 6.2            |
|                    |           |                | Pahang             | 5         | 6.2            |
|                    |           |                | Terengganu         | 4         | 4.9            |
|                    |           |                | Kelantan           | 6         | 7.4            |
| 2. Age             |           |                |                    |           |                |
| Below 25 years old | 22        | 27.2           | Services           | 53        | 65.4           |
| 26-35 years old    | 28        | 34.6           | Manufacturing      | 28        | 34.6           |
| 36-45 years old    | 20        | 24.7           |                    |           |                |
| 46-55 years old    | 7         | 8.6            |                    |           |                |
| 56-65 years old    | 4         | 4.9            |                    |           |                |
| 3. Education Level |           |                | 7. Industry:       |           |                |
| High School        | 12        | 14.8           | Services           | 53        | 65.4           |
| Tertiary (Certificate/Diploma) | 31 | 38.3 | Manufacturing | 28 | 34.6 |
| Bachelor Degree    | 35        | 43.2           |                    |           |                |
| Master             | 1         | 1.2            | Superiorly Managed | 19 | 23.5 |
| PhD                | 1         | 1.2            | Well Managed       | 44 | 54.3 |
| Others             | 1         | 1.2            | Fair Effort        | 18 | 22.2 |
| 4. Position:       |           |                | 8. Level of SP     |           |                |
| Top Management     | 33        | 40.7           | Database           | 20        | 24.7           |
| Middle Management  | 14        | 17.3           | Lesson-Learned     | 31        | 38.3           |
| First Level Manager| 34        | 42             | Case Records       | 8         | 9.9            |
|                    |           |                | Paper Records      | 14        | 17.3           |
|                    |           |                | Audio Tape         | 4         | 4.9            |
|                    |           |                | Video Tape         | 3         | 3.7            |
|                    |           |                | Others             | 1         | 1.2            |
| 5. Knowledge Storage|          |                |                    |           |                |
5. Data Analysis

This study used SmartPLS 3.0 software in answering the research hypotheses and identifying the relationship between constructs. Before started analysing the data, the researchers first check for missing data, suspicious response patterns, outliers and normality of data. After data cleaning, it was found that of the 102 responses, only 81 respondents could be used for data analysis. In this section, two elements of the path model have been discussed: the reflective measurement model and the structural model. According to Hair, Hult, Ringle and Sarstedt (2017), the measurement model discusses the relationship between latent variables and their indicators, while the structural model assesses the relationship between latent variables.

5.1 Measurement Model

Figure 2 below shows the measurement model of this study.

| Demographic          | Frequency | Percentage (%) | Demographic                  | Frequency | Percentage (%) |
|----------------------|-----------|----------------|------------------------------|-----------|----------------|
| 5. Tenureship:       |           |                | 10. Knowledge Retention Approach |           |                |
| 1-5 years            | 38        | 46.9           | Interview                   | 27        | 33.3           |
| 6-10 years           | 23        | 38.4           | Mentor-Mentee               | 19        | 23.5           |
| 11-15 years          | 11        | 13.6           | Invite as Consultant        | 16        | 19.8           |
| 15-20 years          | 5         | 6.2            | Archived                    | 12        | 14.8           |
| 21 years and above   | 4         | 4              | Others                      | 7         | 8.6            |

Figure 2: Measurement Model
5.2 Measurement Model Analysis

Hair, Black, Babin and Anderson (2010) defined convergent validity as the extent to which a specific structure’s indicators converge or share a high share of common variance. This study is a reflective measurement model aimed primarily at assessing whether the measurement reflects the effect of an underlying construct. There are three criteria needed in assessing the reflective measurement model which are internal consistency, convergent validity (reliability, outer loading and average variance extracted) and discriminant validity.

Based on Hair et al. (2010), there are two types of validity assessed in measuring the reflective measurement model which are factor loadings and AVE. The results are presented in Table 2. The outer loadings range from 0.646 to 0.867. This indicates that loading values equal to and greater than 0.6 are acceptable if the summation of loadings results in high loading scores, contribution to AVE greater than 0.6 (Bryne, 2016) while loading values equal to and greater than 0.708 indicating a latent variable can explain at least 50 percent of indicator’s variance (Hair et. al., 2017). It can be concluded that all constructs meet the reliability and convergent validity requirement at this stage.

| Constructs                  | Items | Loadings | AVE  | CR   |
|-----------------------------|-------|----------|------|------|
| IV 1: Training              | T1    | 0.766 0.583 0.803 |      |      |
| IV 5: Strong Organisational Culture | CUL1  | 0.787 0.670 0.890 |      |      |
| T2                          | 0.772 |          |      |      |
| T3                          | 0.646 |          |      |      |
| T4                          | 0.862 |          |      |      |
| T5                          | 0.834 |          |      |      |
| IV 6: Technology Advancement| TEC1  | 0.860 0.667 0.933 |      |      |
| T6                          | 0.678 |          |      |      |
| IV 2: Management Support    | MS1   | 0.874 0.664 0.887 |      |      |
| IV 3: Clarifying Career Path| CP1   | 0.867 0.685 0.929 |      |      |
| IV 4: Positive Vision       | PV1   | 0.794 0.672 0.801 |      |      |
| DV: Knowledge Retention     | KR2   | 0.741 0.616 0.889 |      |      |
| IV 4: Positive Vision       | PV2   | 0.877 |      |      |
| IV 4: Positive Vision       | PV3   | 0.799 |      |      |
| IV 4: Positive Vision       | PV5   | 0.808 |      |      |

5.3 Discriminant Validity using Fornell and Larcker Criterion

Next, the researchers assessed the discriminant validity of the model by using the Fornell-Larcker Criterion and also by looking at the model’s cross-loadings. According to Fornell and Larcker (1981), the indicators should load more strongly on their construct than on other constructs in the model, and the average variance shared between each construct and other constructs. Table 3 indicates that all constructs exhibit sufficient or satisfactory discriminant validity which the square root of AVE (diagonal) is larger than the correlations (off-diagonal) for all reflective constructs.
5.4 Assessment of Structural Model

After the researchers have confirmed the validity and reliability of the measurement model, the next step that must be taken is the assessment of the structural measurement model. According to Hair et al. (2017), there are six steps involved in assessing the structural model by using PLS-SEM. The six steps are the assessment of the structural model for collinearity issues, assessment of the significance and relevance of the structural model relationships, assessment of the level of R².

The first stage of assessing the structural model is to address the lateral collinearity issues. Table 4 presented the result of the lateral collinearity assessment. It is found that all the Inner VIF values for the exogenous construct (training, management support, clarifying career path, positive vision, strong organizational culture and technology advancement). The results show that the Inner VIF below 5, therefore, the lateral multicollinearity is not an issue in this study, the same as the rule of thumb as in the evaluation made by Hair et al. (2011).

Table 4: Lateral Collinearity Assessment

| Exogenous Constructs          | Endogenous Construct | VIF |
|-------------------------------|----------------------|-----|
| Training                      | Knowledge Retention  | 2.785|
| Management Support            |                      | 2.476|
| Clarifying Career Path        |                      | 3.309|
| Positive Vision               |                      | 3.309|
| Strong Organisational Culture |                      | 2.251|
| Technology Advancement        |                      | 2.251|

There are six direct hypotheses developed in this study to explore the significant impact of succession planning initiatives on the retention of knowledge among SMEs in Malaysia. Based on the findings of the summary of the assessment of the structural model as shown in Table 5, there are two hypotheses supported with the path t-value >1.645 thus significant at 0.05 level of significance. The predictors of management support (β=0.277, p<0.01) and supporting organizational culture (β=0.595, p<0.01) are positively related to knowledge retention, which explained 59% of variances in knowledge retention. The R² value is above 0.26 values as proposed by Cohen (1988) which indicates a substantial model.

Next, the researchers evaluated the f² value. To measure f², the researchers follow the rules of thumb proposed by Cohen (1988), in which the values of 0.02 represent small, 0.15 represent medium and 0.35 represent large effects, respectively. From Table 14, it can be seen from the construct of supporting organizational culture contribute to the large effect in producing the R² for knowledge retention. Furthermore, the result from the other constructs indicates a small effect of training (0.006), management support (0.076), clarifying career path (0.018), providing vision (0.001) and technology advancement (0.002) in producing the R² of knowledge retention.

Moreover, the researchers examined the predictive relevance model by using the blindfolding procedure. According to Hair et al. (2017) and Fornell and Cha (1994), the Q² value needs to be larger
than 0 to ensure the model has predictive relevance of certain endogenous construct. The result for Q2 shows 0.326 which is above the threshold suggested and it can be concluded that the model has sufficient predictive relevance. Lastly, the researchers also evaluate the effect size of q2 to determine whether exogenous constructs contribute to an endogenous latent variable. The q2 values of 0.02 represent small, 0.15 represent medium and 0.35 represent large predictive relevance for a certain endogenous construct. The results of q2 for this study were presented in Table 1.4 below. The results show a small q2 effect size for training (-0.005), management support (0.019), clarifying career path (0.003), providing vision (0.003), supporting organizational culture (0.142) and technology advancement (0.004).

**Table 5: Summary of Assessment of the Structural Model**

| Hypothesis | Relation | Std Beta | Std Error | t-value | p-values | 95% Confidence Intervals | Decision | R² | f² | Q² | q² |
|------------|----------|----------|-----------|---------|----------|-------------------------|----------|----|----|----|----|
| H1         | T> KR    | 0.081    | 0.138     | 0.590   | 0.278    | [0.018, -0.166]         | Not supported | 0.006 | 0.006 | -0.005 | |
| H2         | MS > KR  | 0.277    | 0.116     | 2.390   | 0.009    | [0.106, 0.493]          | Supported  | 0.076 | -0.004 | 0.019 | |
| H3         | CP> KR   | -0.157   | 0.149     | 1.049   | 0.147    | [-0.410, 0.084]         | Not supported | 0.018 | -0.003 | 0.009 | |
| H4         | PV> KR   | 0.044    | 0.146     | 0.312   | 0.378    | [-0.288, 0.258]         | Not supported | 0.001 | -0.004 | 0.003 | |
| H5         | CUL> KR  | 0.595    | 0.113     | 5.260   | 0.000    | [0.408, 0.775]          | Supported  | 0.383 | 0.142 | 0.326 | |
| H6         | TECH> KR | -0.041   | 0.095     | 0.433   | 0.473    | [-0.213, 0.103]         | Not supported | 0.002 | 0.004 | 0.004 | |

**6. Discussion**

Knowledge losses can occur in all organizations in cases of retirement, death or better job opportunities. In order to avoid the loss of knowledge, the organization needs to take early precautions to capture the knowledge before it is gone. The researchers have proposed six succession planning initiatives for retaining knowledge, but only two factors have been identified as having a significant impact on the retention of knowledge among SMEs. This study has shown that management support and organizational culture are very important in ensuring that the organization has well-implemented succession planning initiatives.

The study confirms that strong organizational culture has a significant impact on the retention of knowledge among small and medium-sized enterprises in Peninsular Malaysia. It is supported by an organization that promotes a culture of knowledge sharing within an organization that can increase the retention of knowledge within an organization. Recently studies conducted by Adolfsson and Aneheim-Ulvenäs (2016) and Arham, Norizan, Norizan, Muenjohn and Arham (2020) confirmed that promoting an organizational culture of knowledge sharing in return will lead to the exchange of information between employees, the creation of new ideas and knowledge, as well as new skills and abilities. Organizations, especially small enterprises, need to be aware of the importance of culture in the maintenance of knowledge. It is found that only a few small organizations have a proper knowledge retention strategy for succession planning (Liebowitz, 2011). For this small organizations, the preservation of knowledge is particularly important when the organizations are faced with employees leaving them due to a lack of budget and people.

Besides, this study also confirmed that management support plays a significant role in the retention of knowledge among employees in small and medium-sized enterprises. Good management support will help employees stay longer with the organization and prevent them from looking for other job opportunities due to the commitment and support of the management itself (Wirtz, Piehler and Ulrich, 2013). It is also agreed by Whelan and Carcy (2011) that by encouraging the employees to share their knowledge freely with other co-workers will increase knowledge retention within the organization. Instead of the organization implementing the culture to fit its knowledge retention, it is suggested that the organization should try to implement it in a way that fits the organizational culture. It is suggested that the organization encourages the sharing of knowledge in the day-to-day activities
of employees, which will lead to an increase in the retention of knowledge within the organization (Adolfsson and Aneheim-Ulvenäs, 2016).

There is still limited literature on the impact of culture and management on the retention of knowledge, thus it is hoped that this study will contribute empirically and conceptually to the study in the same area. In addition, in this study the researchers have used SmartPLS 3.0 to analyze the data and it can help to guide future research as there are limited research in these areas adopting this software in their research. However, the remaining four independent variables only predict a small percentage of knowledge retention. Thus, future research is encouraged to include other variables that may have a greater impact on knowledge retention. The researchers, therefore, proposed that future research be undertaken by adding additional variables like leadership (Arham, Boucher and Muenjohn, 2013) or emotional stability and perhaps different samples of population to explore other significant predictors of successful succession planning initiatives on knowledge retention.

7. Conclusion

In conclusion, it is suggested that the organization may include two important variables in the establishment of succession planning initiatives that include supporting organizational culture and management support in the retention of employee knowledge. Irrespective of organizational initiatives or policies, they must ensure that it is prepared to begin with the retention of knowledge among employees on the first day that they are recruited. It is intended to ensure that they are ready when employees decide to leave the organization.

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