THE EFFECT OF KNOWLEDGE DEVELOPMENT AND KNOWLEDGE RETENTION ON PERFORMANCE OF SMALL AND MEDIUM-SCALED ENTERPRISES (SMES): A STUDY OF APPAREL SMES IN SRI LANKA

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Abstract:

The main purpose of the study is to see whether three is a relationship between knowledge development (KD) and knowledge retention (KR) on the performance of Small and Medium-scale Enterprises (SMEs) and also to understand which factor has a significant effect on the performance of the SMEs. The data was collected from the owners of export-oriented apparel SMEs through a self-administrated questionnaire and used SPSS 21 version to analyze the data statistically. The results suggested that KD and KR have a positive significant relationship with the performance of SMEs, jointly. In the individual effect, the KR is the most influential factor on the performance of SMEs. The findings further reveal that apparel SMEs are practicing KD and KR strategies at the work place at average level.

Keywords: knowledge development, knowledge retention, performance of SMEs

1. Introduction

In the face of shortage of expert knowledge available in organizations due to the demographic developments the knowledge in organizations to be considered as a critical asset, particular Small and Medium-scaled Enterprises (SMEs), in achieving present and future business challenges and to be remained in competitive the

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development and exclusion of appropriate knowledge strategies are required (Durst, 2019). However, the knowledge is scared. Hence, retention of the knowledge to be considered as the key activity for any organizations (Durst, Bruns & Edvardsson, 2018).

Naidoo & Igbinakhase, (2018) pointed out that knowledge retention to be viewed as the part of knowledge management strategies in Small and Medium-scaled Enterprises (SMEs). However, SMEs are using the generated new knowledge immediately into practice on daily basis without preserving the generated knowledge for future use, accordingly, the SMEs are getting less support of knowledge management practices to retain the available knowledge in the firm (Mukherjee & Kumta, 2016). Further, some SMEs have not properly understood the value of the knowledge retention (Durst & Edwardson, 2012). Jayawickrama et al. (2019) found that retention of the knowledge in SMEs is somewhat demanding and challenging. Koening (2012) states the knowledge retention has become a long-standing knowledge management issue. Nevertheless, SMEs are needed to develop and retain the knowledge because the strength that SMEs has in acquisition of different type of knowledge is diminishing quickly (Bojica, Estrada & del Mar Fuentes-Fuentes, 2018).

1.1 Research Objectives
1) To examine the nature of responses for knowledge development, knowledge retention and performance of Small and Medium-scaled Enterprises.
2) To determine the relationship between knowledge development, knowledge retention and performance of Small and Medium-scaled Enterprises.
3) To identify the effect of knowledge development and knowledge retention on performance of Small and Medium-scaled Enterprises.

1.2 Research Questions
1) What is the nature of responses for knowledge development, knowledge retention and performance of Small and Medium-scaled Enterprises?
2) Is there any relationship between knowledge development, knowledge retention and performance of Small and Medium-scaled Enterprises?
3) What is the effect of knowledge development and knowledge retention on performance Small and Medium-scaled Enterprises?

2. Literature Review

2.1 Theoretical Background
The theoretical concepts of Resource- Based View of the firm (Grant, 1991), resources and products are considered as the two sides of the same coin because most of the products need resources and the resources are being used in developing several products (Wernerfelt, 1984). The heterogenicity of resources and its mobility which have been spreading across in the firm ensured the sustainability of competitive advantage of the firm and the sustained competitive advantage is depending on how

resources are controlled by the firm. Hence, a manager rather a managerial team is considered as firms' resource who has the potential of generating sustained comparative advantage (Barney, 1991). Nason & Wiklund (2018) argue the RBV believes resources are valuable, rare, inimitable, and there are no substitutes for them, those resources are not explaining the firm's growth.

In theoretical concept of Knowledge-Based View of the firm a firm is viewed as an institution which integrates specialist knowledge of its members with the assumptions of knowledge characteristics and its requirements of productions (Grant, 1996). The traditional manufacturing firms in the 20th century believed production equipment as the most valuable assets in the organizations and manual worker productivity in manufacturing. The knowledge work and knowledge worker productivity have provided an insight for organizations belongs to 21st century to consider the knowledge work and the knowledge worker productivity as the most valuable asset in achieving long term sustainability and productivity whether it is business or non-business (Drucker, 1999). Iazzolino & Laise, (2018) explains that knowledge worker productivity can be calculated and the results could be used as a yard stick to reward employees. Spender & Grant, 1996) argued that emerging interest of knowledge and its management drive the knowledge worker to recognize the knowledge as the principal source of economic rent.

Chan (2019) state the Gross Domestic Product (GDP) or Gross National Product (GNP) which had been widely used as indicators to measure the national development of a country before 1970s have been later on criticized due to the over empathizes of material wealth. Accordingly, knowledge theories have been largely discussed as an alternative to the classical economic models and argument of economic profit of organization which generates through traditional factors of productions has been replaced with the knowledge which is the pillar of today's organizations success.

In view of those arguments, knowledge development and knowledge retention have been identified according to the SWISS Forum Building Block of knowledge management practical model which identifies knowledge identification, knowledge acquisition, knowledge development, knowledge distribution, knowledge utilization and knowledge retention as the dimensions of the knowledge management practical approach (Probst, 1998). The above two knowledge dimensions are more relevant to the performance of apparel SMEs in Sri Lanka.

2.2 Empirical Background

Today's companies are competing in a knowledge intensive market. Hence, companies are thrived to recognize the importance of managing the knowledge base available within them. Hence, it is required to improve the organizational capabilities through better use of those individual and collective knowledge resources to ensure the long-term survival and growth. Further, the popularity of knowledge management has begun growing because of its practicality. As a result, the knowledge management which was pioneered by the larger organizations has been gradually spread among

SMEs (Probst, 1998). Since then it has become particularly relevant for SMEs (Handzic, 2006). Further, the knowledge management has an ability to resort completive advantage in SMEs (Hassan & Raziq, 2019).

The knowledge management effects to the performance of business organizations (Omerzel, 2010; Saqib et al, 2017). It helps to stay them in competitive (Xue, 2017). Therefore, the knowledge management is being considered as an efficient and effective organizational critical resource that could enhance completive advantage over global competitiveness (Kuppusamy & Ramanigopal, 2017). Accordingly, knowledge management is being considered as a vital strategic resource in sustainable competitive advantage (Zheng, 2017). In view of those empirical arguments the impotency of knowledge management remains unchanged in performance of both larger organization and SMEs, however, the trend of practicing knowledge management by the organizations has been declining (Bratianu & Bejinaru, 2019). Nearly 82 per cent of SMEs are inefficient or ineffective in KM tools and KM practices and only 12 per cent are succeeding in the both aspects (Centobelli, Cerchione & Esposito, 2019), in a situation where SMEs presents 90 % business worldwide, account for 50% of GDP, and 60% employment in many countries (Mishra, 2019). The SMEs in Sri Lanka represents 75 % of total enterprises, generates 45% employments and shares 52% of the GDP and the sector has been recognized as the important strategic sector in terms of overall policy objective of the Sri Lankan government and thereby considered as the back bone of the economy (National Policy Framework for Small Medium Enterprise Development).

The SMEs are operating with limited resources (Ferreras-Méndez, Fernández-Mesa & Alegre, 2019). Generally small in size (Ngah & Ibrahim, 2010). Occupy a smaller number of employees (Handzic, 2006). Naidoo & Igbinakhase (2018) argue SMEs are operating with 50 to 250 employees. Therefore, in the event of losing its key personnel the SMEs are more venerable than larger organizations (Handzic, 2006). Accordingly, the SMEs are unable to compete with larger organizations in terms of tangible resources, however, the knowledge castigatory available in SMEs will be beneficial once they are acquired, stored, used and leveraged. The proper utilization of those knowledge categories aligning with business strategy then the knowledge management will become a power full tool for the business success (Gourova, 2010).

The SMEs are heterogeneous in terms of knowledge-intensively, labor intensively, owner ship (whether it is a family concern or non-family business), size and the sector. The SMEs are practicing the knowledge management rather incidentally or informally and managing of the knowledge is also depending on personal view of the owner- director of the SMEs (Andronikou, 2018). The owners of SMEs consider creating a of knowledge management system at the work place is costly (Narayanasamy & Shetty, 2008). However, common barriers that SMEs face such as access to finance and poor in human resources could be eliminated if the knowledge management practices are in place (Cerchione, Esposito & Spadaro, 2015). The successful knowledge management practices are still being at stronger consideration in the light of the value

of knowledge as an endless strategic resource in the current business environment (Durst & Bruns, 2018). Hence, the knowledge in organization to be managed the way other assets are being managed (Haq & Anwar, 2016). Liebeskind (1996) pointed out the knowledge protection is important without exploration and imitation more aggressively by the competitors in the market because it is the determinant factor in achieving competitive advantage of the firm instead of accessing to raw materials or cheap labor.

Despite of the impotency of retaining the knowledge asset in SMEs, the existing knowledge in SMEs are often leaking in many ways but difficult to avoid it in many situations. Therefore, it is better to exploit the limited knowledge available within SMEs, minimizing the risk that would be associated with the knowledge leakage (Durst & Ferenhof, 2014). The high danger of knowledge loses (Handzic 2006), has been occurred due the fact that the knowledge available in SMEs is centered within few individuals (Durst & Leyer, 2014). The knowledge drains rather spillover in SMEs positively effects on knowledge access (Song, Lu, Yu & Qian, 2019). Hence, the knowledge retention to be considered as one of the knowledge management strategies thereby achieve performance of SMEs (Naidoo & Igbinakhase, 2019).

The knowledge management is a crucial factor that effect on employee's retention as well (Garcia & Coltre, 2017). Further, job retention and business growth are closely interconnected (Park, McQuaid, Lee, Kim & Lee, 2019). However, the employee retention in SMEs is challenging because the employees leave the firm unceremoniously every day even without a prior notice incurring undue expenses in recruitments for the replacements. The non-preparation to absorb the sudden replacements further leads to the productivity losses during the vacant period (Sanda & Ntsiful, 2013). In view of those argument, organizations are required to formulate appropriate knowledge retention strategies to retain their employees (Aguenza & Som, 2018), although the owners of SMEs are practicing different types of knowledge retention strategies to retention their employees (Sanda & Ntsiful, 2013). Nevertheless, the decision favor on employee retention is depending on the own characteristics of the manager and organizational factors (Buers, Karpinska & Schippers, 2018).

Caroline & Meyer (2012) state the knowledge retention strategies should be focused to retain tacit knowledge thereby to ensue organizational effectiveness and to gain completive advantage as well. Out of the many other factors, people knowledge loss risk is one of the most important factors that has an influence on knowledge retention especially the critical tacit knowledge. These arguments are more relevant to the apparel sector in Sri Lanka because over 80 per cent of work force is being dominated by women force who are less educated (Kelegama, 2009; Lopez & Robertson, 2016; Madurawala, 2017). The bad social image is imposed on apparel female workers as 'Juky Girls" (Kelegama, 2009; Hancock et al., 2015). Due to the minimum level of social acceptance, youths are reluctant to join the industry (Madurawala, 2017). Further, regular absenteeism and high labor turnover (Kottawatta, 2011), has created a shortage of skilled labor in the industry (Ranasinghe et al., 2017). It

is a key challenge in the industry which is continuing to be a hindrance in achieving performance.

Madurawala (2017) argued that non-adherence to the smooth labor practices was the main reason for the frequent labor shortages, which cannot be easily fulfilled, further creating recruiting problems. Moreover, overall manufacturing sector in Sri Lanka are also facing a serious labor shortage which is more visible in the Western Province (Ranasinjge, Madurawela, Su & Thushara, 2016). However, Lopez & Robertson (2016) explain the labor shortage is high in the apparel sector because it is quite labor intensive despite the fact that it is a quite low -skilled industry.

In the above circumstances, whether the knowledge acquisition is from the external sources or developed the required knowledge from the internal sources has an equal weightage. However, the knowledge acquired from the outside sources is comparatively less important for new ventures as the external knowledge inflow prevents to generate the internal knowledge and curtails the opportunities for innovations (McKelvie, Wiklund & Brattström, 2018). However, the knowledge sources whether it comes from internally or externally have an influence on manufacturing SMEs to enhance their export performance (Lejpras, 2019). Moreover, the developing and retaining of existing knowledge is more vital and became a critical issue especially in export-oriented apparel sector in Sri Lanka where high labor turnover is seen (Amarathunge, 2016). This situation has been affecting to the export performance of apparel SMEs in Sri Lanka over the years (Ranasinghe, Madurawala, Je Su & Senadeera, 2017). Because, skilled work force is one of the internal factors that positively influence on SMEs when exporting (Dhewanto et al., 2018).

Intangible resources drive SMEs towards export performance (Rua et al., 2018). Shafiullah & Navarathnam (2016) argued that export led growth brings a strong liner relationship to the economic growth of Sri Lanka. Pacheco (2019) argued SMEs could achieve it performance through exporting especially when it is for closer markets. However, the empirical studies on knowledge management in SMEs is lacking, especially in transition economies (Petrov, Ćelić, Uzelac & Drašković, 2019), despite of the fact that SMEs are more towards in knowledge seeking and development of the same are in their priority (McKelvie et al., 2018).

3. Conceptual Framework

3.1 Research Hypothesis
1) Research Hypothesis (H1): Knowledge Development has a positive relationship with the performance of Small and Medium-scaled Enterprises.
2) Research Hypothesis (H2): Knowledge Retention has a positive relationship with the performance of Small and Medium-scaled Enterprises.
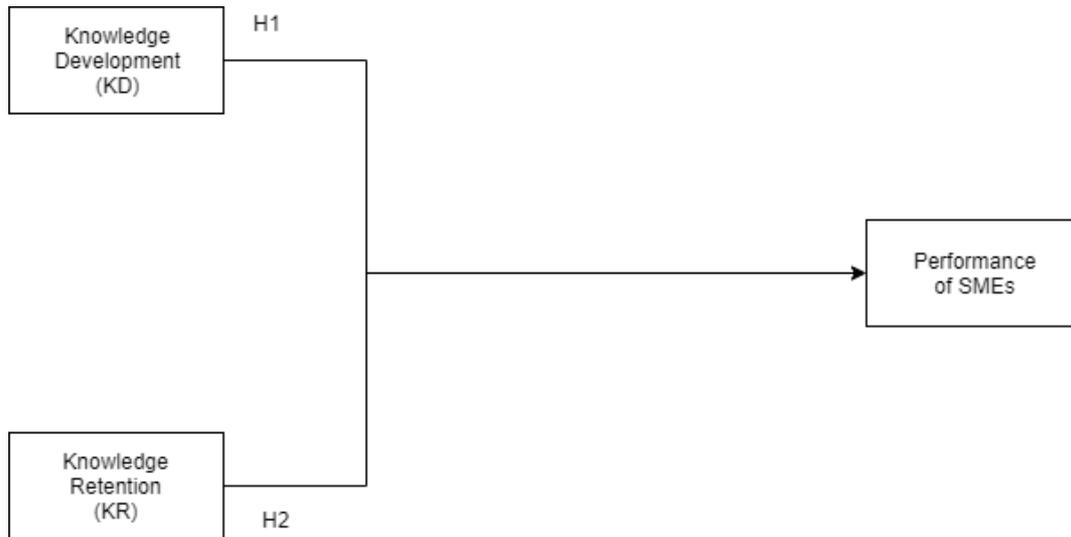
Figure 1: Conceptual Framework

3.2 Research Methodology

The previous literature on the study areas were critically revived. Accordingly, the study is formulated based on the both theoretical background of knowledge management and the previous empirical findings on the areas of knowledge development and knowledge retention and performance of SMEs, focusing on export-oriented apparel sector SMEs in Sri Lanka. The study was a quantitative approach. The data has been gathered through a self-administrated questionnaire, at once within three months, from the respondents who were the owners of export-oriented apparel SMEs listed in export performance indicators of Sri Lanka Export Development Board as of 2017. To ensure the wide representation of the sample population, 235 responses were taken. A simple random sampling technique was used to generalize the appropriate sample population out of the total population of 402 apparel SMEs. Pearson's correlation analysis and Multiple Linear Regression Models have been used to test the hypothesizes. The collected data were statistically analyzed by using SPSS 21 version to generate the results.

3.3 Statistical Techniques

Coronach's Alpha value is considered to test the reliability. To address the first research objective descriptive statistics have been used. Correlation analysis and Multiple regression models have been used to address second and third research objectives respectively. Diagnostic tests are used to test the validity of the regression results. Durbin-Watson test: To test the independent of residuals, Durbin-Watson test is being used. Scatter Plot is used to test the Heteroscedasticity and the Normal Q-Q plot is used to test normality of residuals.

4. Reliability Analysis

The Cronbach's Alpha which was developed by Cronbach (1951), has been considered as a generalized measure of internal consistency of a multi-item scale and so far, the coefficient alpha is being widely as an estimator of the internal consistency. If a researcher wishes to increase the magnitude of alpha coefficient the quality of items in the scale to ensued instead quantity of items. Further, if the number of items in the scale are consisted with two or three it gives smaller alpha values than those with more than three items in the scale (Peterson, 1994).

Accordingly, researcher initially tested internal consistency of the five-point Likert scale items before the variables are operationalized. The direction of the responses has been determined in this analysis to study uni-dimension. The researcher applied Cronbach's Alpha and result is provided by Table 1.

Table 1: Internal Consistency

Variables	Cronbach's Alpha	Number of Items
Knowledge Development	0.699	5
Knowledge Retention	0.681	12
Performance	0.704	14

According to the results, first column provides the variables of the study. Second and third columns provide Cronbach's Alpha results and the number of items used to operationalize the corresponding variables. All the variables consist of Cronbach's Alpha values more than 0.6 and they are around 0.7. Therefore, Likert scale items are having acceptable responses to create variables based on these items. The theory or the concepts are well represented by them and researcher has high confidence to operationalize the variables of knowledge development, knowledge retention and performance.

4.1 Descriptive Statistics of KD, KR and Performance of SMEs

Descriptive statistics have been used to test the first research objective; to examine the nature of responses with regard to knowledge development, knowledge retention and performance of SMEs. The outcome of the descriptive statistics is provided in the Table 2.

Table 2: Nature of KD, KR and Performance of SMEs

	Development	Retention	Performance
Mean	4.2996	4.1798	4.2629
Std. Deviation	.40016	.28071	.26600
Skewness	-.777	-.908	-1.267
Std. Error of Skewness	.159	.159	.159
Kurtosis	3.032	2.022	3.671
Std. Error of Kurtosis	.316	.316	.316

According to descriptive statistics, mean values of knowledge development, knowledge retention and performance comprise agree level responses as the Likert scale average is beyond 4. Results indicate that there are positive responses for the knowledge development, knowledge retention and the performance of SMEs. Meaning, owners of SMEs are currently adhering to the knowledge development and knowledge retention practices on the performance of SMEs. Accordingly, the first research objective is addressed.

The highest standard deviation that is 0.4 belongs to knowledge development. This represents that it is highly deviated comparatively to other factors. Performance of SMEs consists of minimum deviation as it is having the minimum standard deviation that is 0.26. When both exogenous and endogenous variables are analyzed performance is representing minimum variance comparatively. All the coefficients of skewness are between -2 and +2. Therefore, data are normally distributed.

4.2 Relationship between KD and KR on Performance of SMEs

Pearson's correlation analysis has been applied to test the second research objective; to determine the relationship between knowledge development, knowledge retention and performance of SMEs. Result is given by Table 3.

Table 3: Relationships between KD, KR and Performance of SMEs

Individual Determinants		Performance
Development	Pearson Correlation	.379**
	Sig. (2-tailed)	.000
	N	235
Retention	Pearson Correlation	.405**
	Sig. (2-tailed)	.000
	N	235

According to correlation analysis, p value of the association between knowledge development and performance of SMEs is 0.000. Result is highly significant with a 0.379 coefficient of correlation. This indicates knowledge development positively correlated with performance of SMEs. Accordingly, higher the knowledge development represents the higher performance of SMEs. Probability and coefficient of correlation of the relationship between knowledge retention and SMEs performance are respectively 0.000 and 0.405. This means that knowledge retention also has a highly significant positive relationship with performance of SMEs. Accordingly, higher the knowledge retention makes the higher performance in SMEs. With the above findings, the second research objective is addressed.

4.3 Effect of KD and KR on Performance of SMEs

Multiple Linear Regression Models have been used to test the third research objective; to identify the effect of knowledge development and knowledge retention on

performance of Small and Medium-scaled Enterprises. Table 4 is providing the model summaries and regression ANOVA results.

Table 4: Model Summaries and Regression ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.	R	D-W
Regression	3.804	2	1.902	34.606	.000[b]	0.479	1.842
Residual	12.752	232	.055				
Total	16.556	234					

Probability and F test statistic of the regression ANOVA are respectively 0.000 and 34.6. As the P value is highly significant, regression model is jointly significant. This indicates that knowledge development and knowledge retention jointly influence on SMEs performance. Durbin-Watson test statistics is 1.842. This is between the expected standard value that is 1.5 and 2.5. Therefore, residuals are independent, and the model is valid. Individual effect of the predictors is analyzed by table 5.

Table 5: Individuals Effect of KD and KR on performance of SMEs

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	2.248	.247		9.115	.000		
Development	.181	.041	.273	4.450	.000	.883	1.132
Retention	.295	.058	.312	5.087	.000	.883	1.132

According to the individual effect, probabilities of knowledge development and knowledge retention are highly significant as the P value is 0.000. Their beta values are respectively 0.181 and 0.295. Results indicate that knowledge development and retention highly significantly positively influence on SMEs performance. With regard to standardized coefficient of beta, knowledge retention is the most influencing predictor on SMEs performance. Knowledge development is influencing as the second order. All the Variance Inflation Factors (VIF) are less than 10. Therefore, predictors do not have Multicollinearity problem and results are highly valid.

The above study findings have been fulfilled the third research objective.
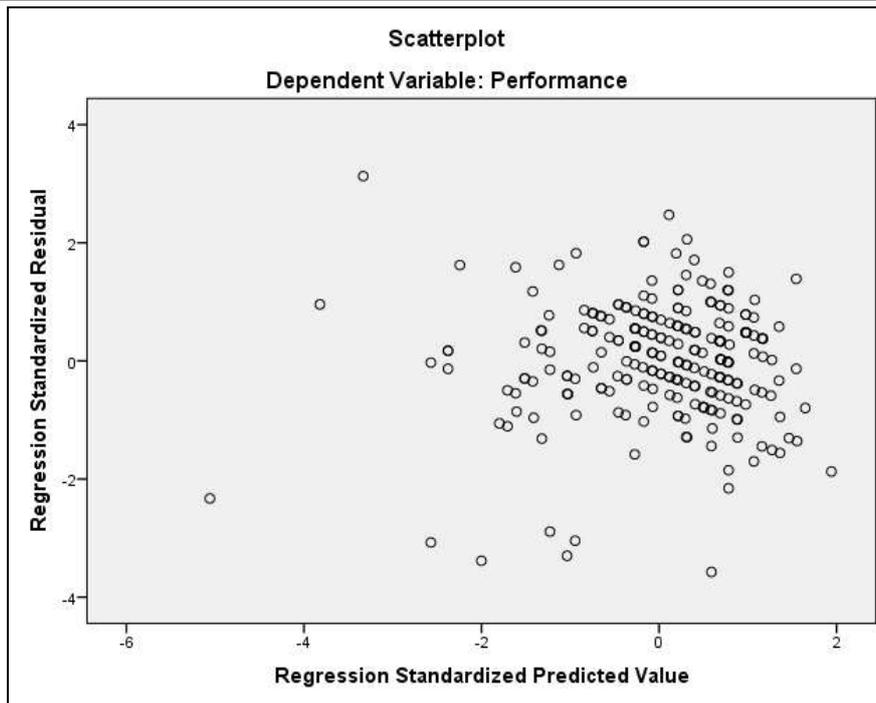
Figure 2: Residuals Behavior

This graphical presentation is a diagnostic test to determine the appropriateness and validity of the regression results. Standardized residuals are presented with respect to standardized predicted values in the scatter plot. They are randomly distributed without having any systematic pattern. Therefore, residuals are not distributed in a funnel shape. It indicates that variance of residuals is constant. Accordingly, regression model is highly valid as the model does not have heteroscedasticity problem.
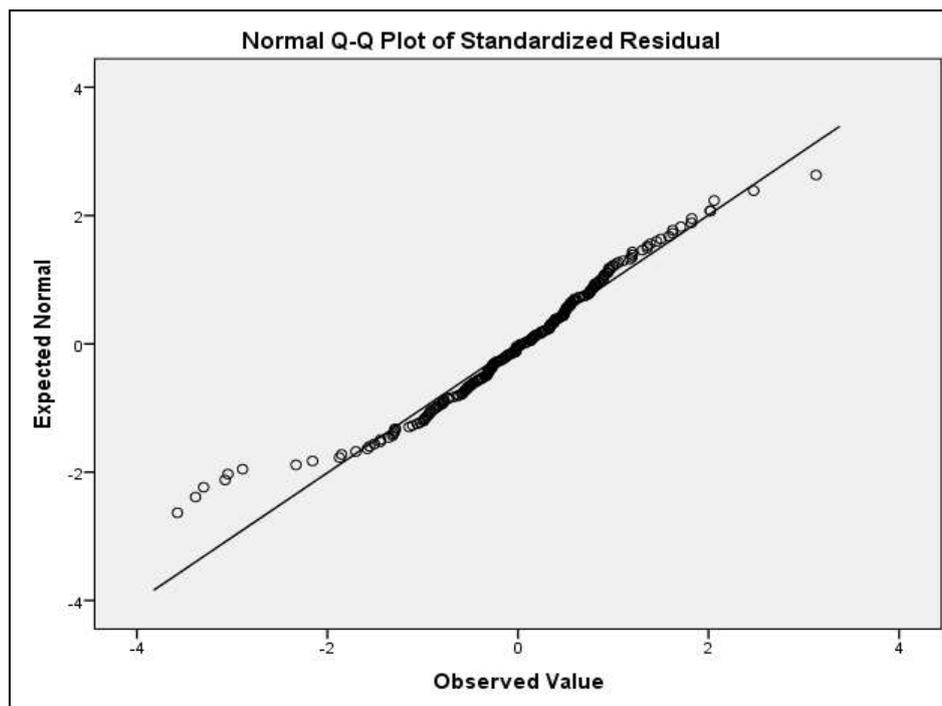
Figure 3: Normality of Residuals

In the normal Q-Q plot, residuals are distributed close to the linear line and it represents that residuals are normally distributed. Accordingly, Regression Model is more appropriate.

5. Summary of the Findings

5.1 Research Objective 1: To examine the nature of responses for knowledge development, knowledge retention and performance of Small and Medium-scaled Enterprises.

As per the descriptive statistics (Table 2), data are normally distributed and all the mean value of knowledge development, knowledge retention and performance of SMEs are beyond 4. Meaning the owners of apparel SMEs are practicing both knowledge management predictors at the work palace at average level.

The results are addressed the first research objective.

5.2 Research Objective 2: To determine the relationship between knowledge development and knowledge retention on performance of Small and Medium-scaled Enterprises.

The findings highlighted that higher the knowledge development higher the performance of SMEs and higher the knowledge retention higher the performance of SMEs. It indicates that there is a positive significant relationship of knowledge development and knowledge retention with the performance of SMEs (Table 3).

Accordingly, the second research objective is addressed.

5.3 Research Objective 3: To identify the effect of knowledge development and knowledge retention on performance of Small and Medium-scaled Enterprises.

The results indicate that knowledge development and knowledge retention jointly influence on performance of SMEs (Table 4). Although the both knowledge development and knowledge retention have a highly significant positive influence on performance of SMEs, the knowledge retention is the most influencing factor on the performance of SMEs, compared with the knowledge development, as per the standardized coefficient of beta value.

Accordingly, the third research objective is addressed. Also, the results are valid in the absence of Multicollinearity problems (Table 5). In the absence of heteroscedasticity problem, regression model is highly valid (Figure 1), and also the model is more appropriate (Figure 2).

5.4 Hypothesis Summary
Table 6 is providing the hypothesis summary. It explains that knowledge development and knowledge retention have a significant positive relationship with the performance of SMEs as the probabilities of the both knowledge management predictors have recorded an identical value, 0.000. Accordingly, hypothesizes 1 and 2 are supported.

Table 6: Hypothesis Summary

Research Hypothesis		Status
H1	Knowledge Development has a positive relationship with the performance of Small and Medium-scaled Enterprises.	Supported
H2	Knowledge Retention has a positive relationship with the performance of Small and Medium-scaled Enterprises.	Supported

5.5 Discussion

The descriptive statistics highlighted that mean values of knowledge development and knowledge retention and performance of SMEs are beyond 4 (table 2). The positive responses indicate that the owners of the apparel SMEs in Sri Lanka are practicing knowledge management at the work place. However, the focus on knowledge development and knowledge retention practices were at average level. The previous empirical arguments highlighted that SMEs are not focusing on knowledge retention due to the many other reasons (Jayawickrama et al., 2019; Mukherjee & Kumta, 2016; Durst & Edwardson, 2012; Koening, 2012). The results of the correlation analysis (table 3), revealed that both knowledge development and knowledge retention have a significant positive relationship with performance of SMEs. The study findings are supported with the previous empirical findings of Hassan & Raziq (2019) which explained the ability of knowledge management to resort the completive advantage of SMEs.

Durst, Bruns & Edvardsson (2018) argued, not only for the SMEs, the knowledge retention brings a value for the other organizations as well mainly due to the scarcity of the valuable knowledge available in organizations. Further, outcome of the regression models (table 4), showed that the both knowledge management predictors have a jointly influence on the performance of SMEs. However, out of the both, the highest influence predictor on the performance is knowledge retention (table 5). The previous empirical findings which were highlighted the impotency of developing and retaining the knowledge asset in SMEs were discussed in the chapter two under section the of 2.2, the empirical background of the study.

5.6 Practical Implications

The way in which organizations effectively use its resources such as skills, capabilities, routines and technologies enable organizations to enhance their capabilities and the improvement of those organization's individual and collective knowledge resources are the away to achieve goals of the knowledge management (Probst, 1998). Accordingly, the knowledge management can be viewed as a practical tool (Handzic, 2006). As the knowledge management is not just mere a theoretical one, the empirical findings of the study provide a practical insight for the owner of apparel sector SMEs in Sri Lanka to formulate knowledge management strategies to strengthen the knowledge development and knowledge retention in achieving performance. The formulation of knowledge management strategies more towards on the development and retaining of existing knowledge categories will minimize the danger of frequent knowledge loss and

to avoid unnecessary cost and time which would incur in acquiring new knowledge to the firm.

5.7 Conclusion

The paper discusses the relevance of developing and retaining of knowledge assets in SMEs through the implementations of knowledge management practices at the work place. The recognition of the value of the knowledge management practices with the more focus on the areas of the knowledge management dimensions studied in the paper will give an advantage to the owners of apparel SMEs to formulate new knowledge management strategies. The knowledge retention has become a more prominent knowledge management practice than the knowledge development though the both aspects are equally influence the performance of those SMEs.

5.8 Research Limitations

First limitation: The study was focused only to the export-oriented apparel SMEs in Sri Lanka whereas many other export products categories have a direct and indirect impact on the total export performance of the country. Second Limitation: The owners of the apparel SMEs were taken as the respondents to provide unbiased answers to the items in the self-administrated questionnaire without taking the opinion of the employees of those SMEs. Third Limitation: The critical literature review of knowledge management highlighted that there has been a limited study in the area of knowledge development in SMEs while the knowledge retention is somewhat discussed pertaining to the apparel sector SMEs in Sri Lanka. However, literature revealed that many scholars have argued the effect of knowledge and knowledge management practices in achieving competitive advantage thus ensuring long term survival and growth of the businesses of the both larger organizations and SMEs. Those limitations will be encouraging academics to carryout continuous studies to stretch the existing literature on the areas of knowledge development and knowledge retention on performance of SMEs and owners of SMEs to effectively retain and develop the knowledge assets in the firms through effective knowledge management practices without drain.

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