

## Enhancing the Role of Leadership in Small and Medium Size Enterprise Performances in Suriname

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### **ABSTRACT:**

--- Leadership is an important determining factor of success in the highly turbulent business and market environment. Firms of all size, especially SMEs, need to adapt successfully in the rapid changing market places. Like in most developed and developing countries SMEs forms the backbone of the Surinamese economy. However, the Surinamese SMEs have a low productivity and growth rate compared to other Caribbean countries, and regions. Since leadership research is scarce in Suriname, this multiple case study is the best fit to get in-depth understanding of the role of leadership in the performance of SMEs. Identifying themes and concepts essential to significantly enhance innovation, productivity, and performance is aimed. Transformational and transactional leadership dimensions, ability and trait emotional intelligence (EI) models, and the balanced scorecard (BSC) have been applied as the theoretical foundation. The study shows that the SMEs focuses mainly on technical topics related to tasks and responsibilities, resulting in the application of more transactional skills. Transformational, and emotional intelligence skills are based on experience build on the job, suggesting weak structures and procedures to support the application of these skills. Performance measurement is implemented separately and incompletely, and is not based and structured on a common performance management model. An up to date overview of performance indicators for proper regular performance monitoring is missing. A training program, SME enhancement program, research and development program, and finance program that fit the Surinamese business culture are strongly recommended. This study provides an adequate starting point for these programs.

**Keywords:** leadership style, emotional intelligence, SME performance

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## Introduction

Small and Medium Size Enterprises (SMEs) have important contributions to make to innovation and development of the local and global economies (Hoang et al., 2020). SMEs contribute to employment, income generation, and export revenues. It is estimated that SMEs constitute between 70% and 85% of the number of enterprises, contributing to between 60% and 70% of the GDP, and accounting for approximately 50% of employment in the Caribbean (CDB, 2016). Besides its economic role such as employment and income generation, SMEs also contribute to social and environmental development in the Caribbean, including among others food security, health care, education, and alternative energy sources (Hamilton, 2014). This significant and crucial contribution of SMEs to the economic growth and sustainable development of the Caribbean economies is also emphasized by the Economic Commission for Latin America and the Caribbean (McLean & Charles, 2020).

In Suriname more than 95% of the firms are SMEs contributing to 40% - 50% of the employment, and to 75% of the GDP (ECLAC, 2015b; Julien, 2014). In order to adequately utilize SMEs potential for development and poverty reduction, transition and developing country governments, development partners, SMEs themselves need to address a number of challenges including expansion in the number of SMEs, strengthening competitiveness and productivity, and internationalization (ECLAC, 2015a). International trade, shifts towards more productive sectors, and innovation to ensure more competitiveness are highly crucial challenges for economic growth of the

Caribbean economies (McLean & Charles, 2020; ECLAC, 2022).

## Problem Statement

SMEs forms the economic backbone of many developed and developing countries across the world (ECLAC, 2015b). Despite the fact that SMEs account for over 95% of registered firms in Suriname, and contribute significantly to the employment and GDP, the labor productivity growth in 2010 was minus 10.8%, and an annual sale growth rate of minus 6.4% (Chamber of Commerce & Industry, 2020; Julien, 2014; World Bank, 2014). In 2018 the annual sales growth decreased to minus 15.9% (World Bank, 2019). In addition, in the LAC region (including Suriname) the impact of the COVID-19 crisis has resulted in a 17% employment contraction in 2020, while the export decreased by 13%, plus a 7% decline in the GDP was recorded (ECLAC, 2022; IDB 2022). This indicates that the sale and productivity performance of firms have been deteriorating since the World Bank Enterprise Surveys publication in 2019.

There is a strong research evidence that the performance of SMEs in general, and specifically in Latin America and the Caribbean including Suriname, need to be improved by enhancing among others the productivity (CDB, 2016; ECLAC, 2015a; World Bank, 2019). Leaderships can play a significant role in enhancing firm's innovation, productivity and performance (Brandt, Laitinen, & Laitinen, 2016; Kunnanatt, 2008). The role of leadership in the performance of production and service SMEs in Suriname has also been tried for constructs such as organizational commitment and job satisfaction (Kranenburg, 2013). In addition, the presence and application of leadership styles in firms

have been studied by Baidjoe (2017), concluding the dominance of transactional skills among the firm managers. This explorative study aims to get an in-depth understanding in the role of leadership, emotional intelligence, and performance measurement in SME performance through exploring important leadership and performance measurement aspects in selected SMEs in Suriname.

### Literature Review

There is an urgent need for governments, development partners and SMEs to reform policies and framework conditions to facilitate innovation and performance in SMEs which are crucial for economic growth (CDB, 2016). This urgent need to strengthen policy in economic, productive, social, environmental, and institutional development is even more strongly recommended for the LAC region due to the negative impact of the COVID-19 crisis (ECLAC, 2022). A study in Suriname shows the need to upgrade economical, social, and political conditions such as trade regulations, quality management, training opportunities, safety and health care and others, in order to encourage investments and enhance productivity in both large scale firms as well as SMEs (International Labour Office, 2020).

In general within the SME environment, both transformational as well as transactional leadership practices are linked to organizational citizenship behavior (Mesu et al., 2012). According to Goleman (1998) the capabilities to guarantee optimal performance can be categorized in technical skills, cognitive abilities, and emotional intelligence (EI). In addition, performance measurement has been cited as an essential matter for the effective management of SME performance (Carpinetti et al., 2008)

and it is an essential precondition for the enhancement of corporate and enterprise performance (Liu et al., 2014). Many past research findings reveal a strong connection between transformational leadership and high effectiveness, but empirically mixed results were present as well (Brandt, et al., 2016).

In Suriname a positive relationship has been found between transformational leadership, and organizational commitment and job satisfaction in SMEs in the production and service sector (Kranenburg, 2013). Similarly, a previous study shows that transformational leadership is positively associated with employee's motivation, collective efficacy, trust, respect, commitment, productivity, creativity, and innovation in an Indian public sector bank (Bhandarker & Rai, 2015). In another recent study results show a positive impact of transformational leadership on safety behavior in Ghanaian power distribution centers (Dartey-Baah, Quartey, & Adotey, 2020). Tunisian knowledge concentrated firms in a study showed that transformational leadership significantly supports exploratory innovation as well as exploitative innovation (Berraies, & Zine El Abidine, 2019). A study looking into Malaysian manufacturing and service SMEs results, show a significant positive link between transformational leadership and both product and behavioral innovativeness (Ng & Kee, 2018). Prasad and Junni (2016) found a powerful link between CEO transformational leadership attitude and the innovative capacity of enterprises in services, construction, and manufacturing sectors in the United States of America (USA). However, in some studies a significant weaker association has been found. Mesu et al. (2012) discovered a strong association between transfor-

mational leadership and organizational commitment in Dutch SMEs in the service sector, but in SMEs in manufacturing industry no significant link between transformational leadership and organizational commitment has been found. A study in the Pakistani healthcare sector shows that transformational leadership has insignificant link with organizational and employee performance (Khan et al., 2016).

Similarly, academic papers show mixed results on the relationship between transactional leadership and employee innovation (Xu & Wang, 2019). Numerous research findings support the belief that leaders with a high level of EI are more related to transformational leadership practices (Vivian Tang et al., 2010). However, a number of previous studies have shown mixed results (Foster & Roche, 2014). Emotional intelligence is strongly associated with leadership practices (Li et al., 2016), and has the potential to enhance individual and team performance levels (Kunnanatt, 2008). Both EI models (ability and trait) empirically show the capacity to influence outcomes, and as a consequence may provide an opportunity to further explain the construct (Foster & Roche, 2014). The Balanced Score Card (BSC) has been commonly applied across different sectors, and is presented as a solid performing management and business tool (Liu et al., 2014). The BSC focuses on the one hand on measuring and reporting past events, and on the other hand future planning based on and supported by relevant metrics and indicators (Behery et al., 2014). The main advantage of applying the BSC approach in SMEs is the emphasis on vision, mission, and strategies of the enterprise, as well as available possibilities to trigger dialogue about basic assumptions of the management model (Pešalj et al.,

2018). However, the BSC as a solid PMS tool has several shortcomings. The system is experienced as too complex, with a high number of measures, while it is in general considered highly subjective in its actual implementation. Due to the precise nature of metrics, other significant elements which are more difficult to quantify but critical for success over the long term, may be excluded (Van Aken et al., 2005). Despite deficiencies such as neglecting suppliers, partners, and others as stakeholders, the BSC remains one of the most commonly applied model (Palmer & Parker, 2001; Van Aken et al., 2005; Liu et al., 2014). For this explorative study with the aim to get an in-depth understanding of SMEs in Suriname, the BSC perspectives are assumed to ensure a solid structure to explore the current performance measurement, while the semi-structured interview approach provides room to explore elements not included in the model. For this reason, the BSC is assumed to best fit the purpose of this exploratory in-depth study.

The assessment of the research findings shows that integration is lacking in the majority of the research designs found in source literature (Liu et al., 2014). To cope with this gap, this qualitative exploratory study applied an integrative approach for the constructs. On the other hand, a contribution is made to the call for applying more qualitative research in SMEs (Garcia & Gluesing, 2013). In addition, a small contribution is made to close gaps in previous research regarding the absence of focus on SMEs, and certain demographic areas (Bevanda et al., 2011). This study also provides unidentified issues, identifies appropriate instruments, and specifies important constructs and variables for further qualitative and quantitative research (Creswell, 2014; Rowley, 2002), especially

for similar environments in the South American and Caribbean region.

### **Methodology**

The methodological components that ensure an adequate academic research process, such as research purpose, research design, sampling strategy, validation, data collection, and data analysis are presented below.

#### *Research purpose*

The purpose of this exploratory qualitative study is to get in-depth understanding of the impact of leadership in the performance of Surinamese SMEs. The aim is to explore the current status of the leadership styles applied, the competences and capabilities of leaders, and other related leadership constructs such as EI, as well as selected performance measures and indicators, and the current PMS utilized. This exploration and understanding provides further details and clarifications in the views, perceptions, opinions, ideas, experiences, reasons, and assumptions (De Weerd-Nederhof, 2001; Rowley, 2002).

#### *Research design and questions*

Since it is the aim of this study to describe, explore and explain the leadership constructs, phenomena, practices, and processes in selected SMEs, and their role within the firm's performance, it can be classified as a qualitative exploratory research approach. Therefore, the case study design that strongly corresponds with the "how and why" type of questions is the best fitting research design for this study (Singh, 2014). To understand the role of leadership skills in the performance of SMEs in Suriname the following two main research questions have been formulated as follows:

1. What is the role of current leadership skills in the performance of SMEs?
2. How can the gaps in leadership skills and performance measurement be minimized or eliminated?

#### *Sampling*

Purposeful sampling is recommended for case studies, and is also applied here (Creswell, 2014). The population includes a number of manufacturing and service enterprises in Suriname fitting the accepted SME definition. The cases meet the SME classification definition (between 10 to 100 workers), belong to the manufacturing or service sector, and are at least three years in operation to ensure useful responses. The SME classification of 10 to 100 workers has been determined based on the classifications 1-100, 5-100 and 10-50 for research purposes applied in former studies conducted in Suriname by the Compete Caribbean (2011), World Bank (2019), and International Labour Office (2020) respectively. To ensure enough and purposeful data gathering a minimum of 10 workers is assumed to better fit the purpose of this study, while for the upper ranges less than 100 workers seems to be a more common choice. This approach is expected to better guarantee consistency in this research area, and will also minimize the huge diversity in SME classifications, varying from country to country, and even within a country (CDB, 2016). Based on insights from related literature, this study includes 30 interviews (5 respondents per case) and six focus groups.

#### *Data collection*

The data collection process in this study consists of two methods, including interviews and focus groups, and lasted five months (March 2021 to July 2021) for the

six selected cases in different regions of Suriname (See table 1).

Through the purposeful sampling method, the theoretical useful cases have been selected based on the classification, sector, accessibility and willingness to participate (De Weerd-Nederhof, 2001; Singh, 2014). A semi-structured interview protocol is used by the researcher (instrument) to collect data from the primary data source, which are selected employees at strategic, tactical, and operational level. These levels include executives, managers (superintendent), and staff (supervisor) respectively. In addition, in every selected case a focus group discussion with the participants is facilitated to confirm the extracted themes

and interpretations, and to grasp possible new and unforeseen concepts and questions that arise during the interviews (Easterby-Smith et al., 2012).

The intended secondary data collection through documents to support the primary data (Creswell, 2014) could not be carried out due to very scarce documentation, and its inaccessibility. A pilot case was selected to evaluate the interview protocol and provided the researcher with an opportunity to prepare for the semi-structured in-depth interviews (Creswell, 2014). Two pilot interviews were carried out, one with the senior manager, and the other with a group leader (supervisor).

Table 1  
*Profile of Participating Firms*

Firm (Case)	District	Sector	Branch	Years of existence
Pilot	Nickerie	Service	Nursing	13
Case A	Nickerie	Service	Irrigation water	42
Case B	Paramaribo/Wanica	Production	Diary	60
Case C	Nickerie	Production	Rice	61
Case D	Paramaribo	Service	Tourism/Nature	51
Case E	Paramaribo	Service	Vehicles	24
Case F	Commewijne	Production	Plant propagation	45

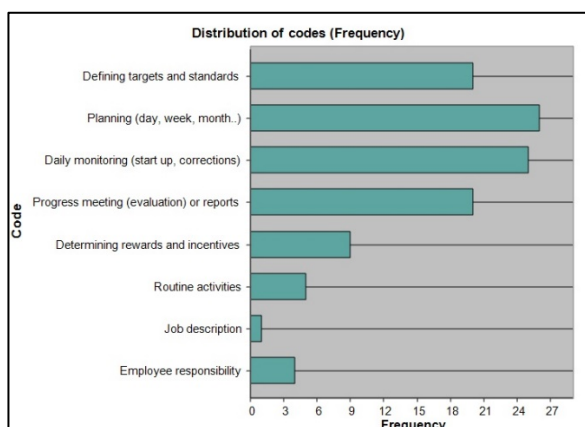


Figure 1. Frequency of Transactional Leadership Style Codes (all cases)

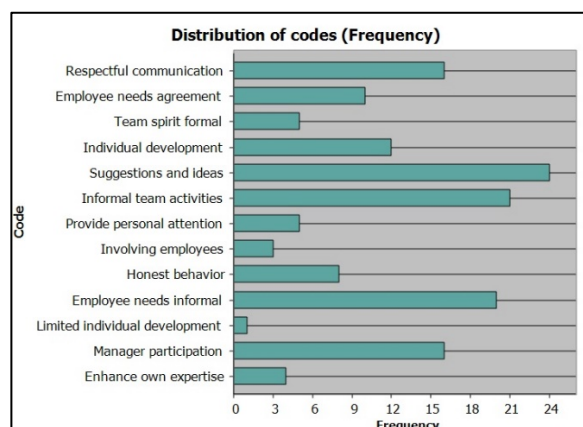


Figure 2. Frequency of Transformational Leadership Style Codes (all cases)

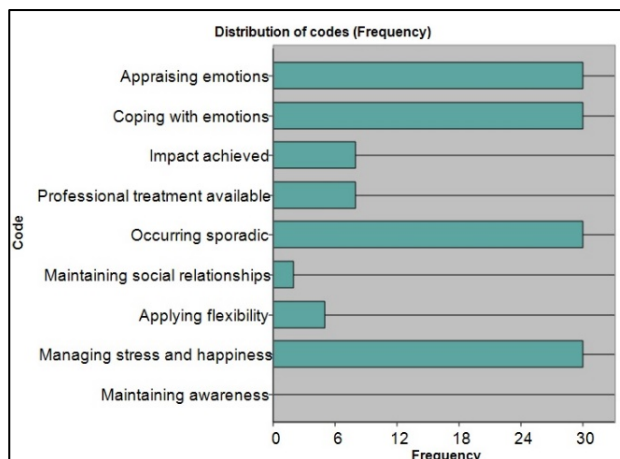


Figure 3. Patterns of Emotional Intelligence Codes (all cases)

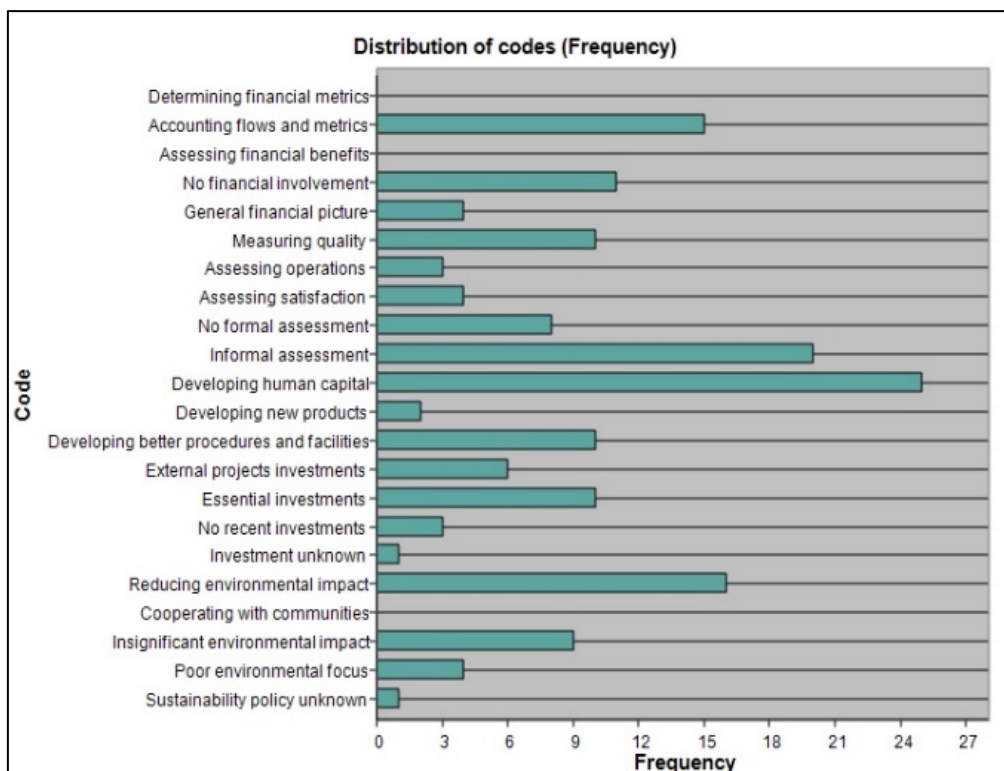


Figure 4. Patterns of Performance Measurement Codes (all cases)

*Validity and reliability*

The tactics to ensure research quality include the use of multiple sources, chain of evidence, and key informants review for construct validity; respondent validation and cross case pattern matching for internal validity; theoretical sampling and multiple case approach for external validity; and a mentor’s review, case study protocol and

database for reliability (De Weerd-Nederhof, 2001; Singh, 2014).

*Data analysis*

The embedded multiple case approach within and cross case analysis of cross sectional data is applied. The units of analysis are the strategic, tactical, and operational respondents of the manufac-

turing or service processes in the SMEs. The analytical steps as explained by Creswell (2014), including transcribing raw data, reading for general sense, coding and categorizing, describing settings and generating themes, interrelating themes and descriptions, and interpretation of the themes and descriptions is applied.

## Results

### *Demographic results*

Three selected SMEs are in the service branch, while the other three are production enterprises. The duration of existence ranges from 13 to 61 years, while the number of personnel are between 12 to 70 employees. One half of the respondents are senior managers. The education level is graduate or higher for nine respondents, while twelve are at undergraduate level, and another nine at secondary level. The majority (23) of the respondent have an experience of at least 10 years.

### *Code frequencies*

Both transactional and transformational leadership skills are partly and/or informally applied. Figure 1 depicts that the main focus is on scheduling, executing, monitoring, and progress meeting as transactional skills. The item rewards has a low frequency. Other transactional skills are incidentally applied.

Figure 2 shows that manager participation, employee involvement, personal needs, individual attention, team activities, and respectful communication are applied as transformational skills. However, these skills are informally used. Expertise and formal measures and procedures are lacking in managing emotions. In addition, there is lack of social relationships and stress management procedures (See figure 3). Figure 4 presents

poor access to financial statistics, lack of formal customer feedback, inadequate human capacity, low innovation investments, informal environmental measures, and lack of community relations as the main shortcomings in the performance measurement.

### *Emergent categories and themes*

The SMEs focus mainly on technical topics related to tasks and responsibilities, resulting in the application of more transactional skills (See table 2). Transformational skills are informally applied, while emotional intelligence skills are based on experiences build on the job, suggesting weak structures and procedures to support the application of these skills (See tables 2 and 3).

Performance measurement is implemented separately and incompletely, and is not based and structured on a common performance management model. An up to date overview of performance indicators for proper regular performance monitoring is missing (See table 4).

### *Emergent concepts*

The tables 5, 6, and 7 present the emerged leadership, EI, and performance measurement concepts respectively. These are also the areas relevant for changes or adjustments within the SMEs to ensure enhanced performance.

Leadership orientation as well as leadership relation are crucial concepts to develop leadership skills and structures. Emotional intelligence related requirements and preconditions, human and social capital development, and mental care are concepts developed as focus areas to guarantee proper EI in SMEs.



Table 2

*Emergent Themes of Applied Leadership Skills*

Coding Categories	Emergent Themes
Transactional style:	
Managing is work centered	Managing and leading activities are scheduled, executed, and monitored using hierarchical position and power
Leading with directive approach	
Leading with autocratic strategy	
Transformational style:	
Managing is employee centered	Managing and leading is informally employee centered, providing informal space for participation, needs, attention, teamwork, and communication
Leading with participative approach	
Leading with democratic strategy	

Table 3

*Emergent Themes of Emotional Intelligence Competencies Applied*

Coding Categories	Emergent Themes
Manage emotions	Managing and leading lack EI expertise, measures, and procedures
Develop social relationships	Managing and leading lack optimal social and interrelationships
Mechanism for stress tolerance	Managing and leading lack effective stress management techniques

Table 42

*Emergent Themes of Performance Measurement Applied*

Coding Categories	Emergent Themes
Financial indicators and progress	Managing and leading lack access to financial statistics
Customer feedback	
Provide growth conditions	
Environment and community service	Managing and leading use informal environmental measures. Community service is missing

For performance measurement the important concepts emerged are financial transparency, market based orientation, human resources development, and external relations.

Thus, the leadership shortcomings can be categorized as inadequate skills to

adjust behavior and motivate employees through rewards and reinforcement, informal influencing, inspiring, and motivating skills. EI shortcomings include limited attention for preconditions, individual and social capital, and mental care. Performance related shortcomings are

limited financial transparency, informal customer feedback, poor consideration of

personal needs, and poor external (environment and community) relations.

Table 5  
*Concept Development of Leadership*

Emergent Themes	Leadership Concept
Managing and leading activities are scheduled, executed, and monitored using hierarchical position and power	Leadership orientation (directive or participative)
Managing and leading is informally employee centered, giving informal space for participation, needs, attention, teamwork, and communication	Leadership relations (formal or informal)

Table 63  
*Concept Development of Emotional Intelligence*

Emergent Themes	EI Concepts
Managing and leading lack EI expertise, measures, and procedures	Emotional intelligence requirements
Managing and leading lack optimal social and interrelationships	Human and social capital development
Managing and leading lack effective stress management techniques	Mental care

Table 7  
*Concept Development of Performance Measurement*

Emergent Themes	Concept Development
Managing and leading lack access to financial statistics	Financial transparency
Managing and leading lack formal customer feedback	Market based orientation
Managing and leading lack EI and PMS capacity, and innovation investments are minimal.	Human resource management; productivity and competitiveness
Managing and leading use informal environmental measures. Community service is missing	External policy and relations

**Discussion**

*Transactional leadership skills*

The leadership skills applied in the SMEs in this study show a focus by leaders on mainly the application of transactional skills across the cases, including defining targets and standards, planning, daily moni-

toring, progress and evaluation meeting. This finding positively corresponds with the results of a quantitative study of Baidjoe (2017) with the outcome that all leaders in Suriname associate leadership with the transactional style. Only 10% of the leaders apply skills related to the transformational

style. A general finding of previous research is that most firms apply transactional skills more regularly than transformational leadership (Li et al., 2016).

In the literature review the application of transactional skills in firms shows a mixed result for their impact on performance. Factors such as industry, firm size, organizational culture, organizational structure, job level, gender, age, education level, organizational support, and knowledge sharing may influence the impact of leadership on firm performance (Sahin et al., 2017). For example, transactional leadership has a higher effect in individualistic cultures (Xu & Wang, 2019). Suriname has a diverse culture represented by Asian, African and European traditions, and should therefore likely have a combination of leadership styles in the SMEs. This is emphasized in a study by Hyppia and Pekkola (2011), suggesting that SMEs need both managers and leaders to be effective. Transactional leadership style has no impact in service SMEs, while combined with transformational style significant impact is achieved in manufacturing SMEs (Mesu et al., 2015). This study includes both service and production SMEs, and across all cases transactional skills are more frequently applied, while transformational leadership is informal or scarce.

#### *Transformational leadership skills*

Given the possible influence of factors such as among others sector, firm size, culture and education level on the role of leadership on SME performance (Sahin et al., 2017), relevant transformational skills need to be added and included in the SMEs towards a more formal and practical balance with the dominant transactional style. A complete

new design or total transformation is in general not required to achieve better performance, supporting the suggestion by Hyppia and Pekkola (2011), that SMEs need both managers and leaders to be effective. According to Limsila and Ogulana (2008) the current societies around the world are transforming towards higher education level as well as more willingness among employees to participate in decision making, take more risks, and accept responsibility. These authors conclude that while factors such as culture and industry may play a role in leadership effectiveness, the transformational style is more suitable for these societies. The findings of this study show that some transformational skills are informally applied, and are related to communication, participation, ideas consideration, team building, and individual needs. Other transformational skills such as individual development, personal attention, and team spirit are highly scarce.

In the master study of Baidjoe (2017) only 17% of the leaders refer to these aspects as skills applied in their current leadership style in Surinamese firms. This supports the finding of this study, indicating that skills related to the dimensions of transformational leadership are rarely or mainly informally applied. Previous study results show that transformational leadership is positively associated with employee's motivation, collective efficacy, trust, respect, commitment, productivity, creativity, and innovation (Bhandarker & Rai, 2015). In this study half (15) of the leaders are positioned at senior (11) or director (4) level. However, transformational skills across all levels of leaders are poorly applied, contrasting the findings of previous research where leaders at a higher level are perceived as more transformational compared to leaders at

lower level (Mesu et al., 2015). None of the respondents (leaders) mentioned specific leadership, emotional intelligence, and performance management training as part of their formal education or leadership career development. This is supported by the study of Baidjoe (2017) revealing that 86% of the leaders never attended a leadership training, and 88% do not read to enhance their own knowledge. This suggests that the current leaders in the SMEs are not adequately trained to apply effective leadership including transactional and transformational skills. The education level of the majority (21) of the leaders in this study is undergraduate (12) or higher (9) with an experience of more than 10 years, indicating the availability of potentially adequate qualified leaders at different levels.

#### *Emotional intelligence skills*

Although emotional intelligence (EI) is strongly associated with leadership and has the potential to positively impact individual and team performance (Kunananatt, 2008; Li et al., 2016), this study shows the absence or highly scarce informal application of EI skills in the selected SMEs. The appraisal of emotions through observation is the only ability-based emotional skill leaders apply. However, according to the leaders these are sporadic and are managed through open communication. The leaders have not mentioned any kind of training in EI skills, indicating a weak and unprofessional emotion management capacity in the SMEs. This is in contrast with the finding suggesting an essential need for professional emotion management in firms as the foundation for effective leadership (Li et al., 2016). Given the previous findings that emotional intelligence enhances SME performance, conflict resolution, job

satisfaction, organizational learning and commitment, and others (Boohene et al., 2019), it becomes clear that for the situation in Suriname appropriate EI consideration should be included.

#### *Performance measurement skills*

In this study the results reveal that performance is measured through predominantly financial indicators. The assessment of customer satisfaction is mainly scattered and informal, and for learning and growth the main focus is on developing technical skills. Within the sustainability perspective the environment is informally considered, while community service is totally absent. A bachelor study (Biekha, 2019) regarding performance management in 169 Surinamese production firms indicates that the use of financial measures is perceived sufficient by leaders. However, according to their perception, customer perspectives including customer satisfaction, and growth perspectives such as human development, are in need of improvement. This is also the tendency seen in studies elsewhere in the world where financial measures are more often used in practice (Ates et al., 2013; Boohene et al., 2019), resulting in short term orientation (Pešalj et al., 2018). This supports the finding that long term strategic plans are missing in most of the SMEs in this study. The findings of this study are also in line with the fact of low adoption of performance measurement systems such as the BSC in SMEs (Sardi et al., 2020). Transformational leadership is indispensable in both the adoption of BSC, and its application and maintenance (Behery et al., 2014). In the Surinamese SMEs this leadership skill is weak and incomplete, and informally applied. Within SMEs it is a precondition to apply both financial and

non-financial indicators in evaluating, and regulating enterprise performances (Boohene et al., 2019). SME characteristics stimulating low adoption of performance measurement tools such as the BSC are among others short term priorities, tacit knowledge, poor managerial skills, flat organizational structure, command and control culture, limited financial resources (Sardi et al., 2020). This positively corresponds with the characteristics of the Surinamese SMEs (Compete Caribbean, 2011; World Bank, 2019) and strongly supports the finding of this study where the SMEs mostly focus on financial measures.

### **Conclusions**

Two main research questions guided the exploration of the skills, themes, and concepts relevant for understanding the current status of the Surinamese leadership and performance measurement constructs in SMEs, and the required improvements and related changes. The specific conclusions are based on these two main questions.

#### *First main question*

The first main question focuses on the role of current leadership skills in the performance of SMEs. It can be concluded that a few transformational leadership styles and emotional intelligence skills are informally applied suggesting weaknesses or missing elements in especially transformational leadership and emotional intelligence. Both constructs are essential in facilitating employee's motivation, collective efficacy, trust, respect, commitment, productivity, creativity, and innovation. The negative labor productivity growth (-10.8%) and annual sale growth (-6.4%) rate in Surinamese firms can be attributed to (among others) the weak, rare, and

informal application of transformational leadership skills and emotional intelligence. Leader development with the focus on high level of emotional intelligence is a crucial need to ensure transformational practices. For performance measurement in the SMEs, it can be concluded that measurements are not based on an existing framework or model.

Furthermore, financial objectives are the main strategic objectives of the SMEs, where other performance measures are not a consistent part of the organizational culture in the SMEs, resulting in internal and short term orientation. This to some extent clarifies the lack of relevant documents such as strategic plans, progress reports, annual reports and other official documents. Another conclusion is the need to adopt an effective performance measurement system in the Surinamese SMEs. However, the introduction of a model should be guided by a well-developed framework supporting key managerial practices, managing internal and external communication, and managing internal and external change. For the SMEs in Suriname, similar to many other developing countries, additional research on the current status of these key managerial practices is essential as a starting point.

#### *Second main question*

The second main question focuses on eliminating or minimizing gaps in leadership skills and performance measurement. It can be concluded that all the constructs in this study have short-comings, but also provide enough room for improvement. The specific areas of improvement are the emergent concepts related to the different constructs. SMEs in this study lack essential interventions

including human resource development, measurement models, guiding frameworks, organizational strategies, educational programs, regulating and supporting policies to minimize or eliminate the gaps in leadership and performance measurement.

This is a general shortcoming for SMEs in especially the developing countries. Given the demographic profile of the SMEs and the respondents, it can be concluded that there is an adequate potential capacity as starting point to minimize or eliminate gaps. Overall it can be concluded that academic and applied leadership and performance measurement research is highly scarce in SMEs in Suriname. Knowledge which is based on this scarce research may not be adequate to support changes, and adoption of new styles and systems, since a SME friendly guiding framework may be missing. Other leadership and performance related constructs, including SME characteristics and external environment should be explored to better facilitate improvements and changes. Therefore, academic research as well as professional application of leadership skills should be top priorities for better SME performance in Suriname.

### **Recommendations**

Given the importance of SMEs for their economic contribution, the very low productivity compared to other countries and regions, and the fast changing business environment, the recommendations are presented in two categories. One is urgent, targeting short term change and the other is for medium and long term.

#### *Short term (1-2 years)*

The urgent short term recommendations are for within a one to two-year period and focus mainly at internal conditions on

operational, managerial, and organizational level. Since workplace based training positively influences SME productivity (Marchese et al., 2019), an extensive temporary training program for the operational and managerial level should be executed for the production and service sector on developing awareness and skills about leadership, emotional intelligence, and performance measurement. Additional research will show the need for adjusted training programs in the other sectors. The planning and implementation of the training program can be initiated by the government together with national business and enterprise organizations such as the Chamber of Commerce (KKF), the Manufacturers Association Suriname (ASFA), and the Suriname Business Association (VSB). At organizational level, developing short term planning and objectives and a project based approach in SMEs are essential and should be introduced or enhanced (Ates et al., 2013). This first important step must be supported through external (governmental) funds such as subsidies or other financial incentives (Marchese et al., 2019). These interventions will allow enhancing managerial skills, access to finance, and increase education level of the work force as main constraints of the Surinamese business environment (Compete Caribbean, 2011; World Bank, 2019). The hiring of expertise from organizations such as ECLAC, World Bank, and Compete Caribbean, with experience in leadership development and performance management in developing countries, should be considered.

#### *The medium (1-3 years) and long term (above 3 years)*

The medium and long term recommendations continue to focus on internal

conditions, however the consideration of external conditions is included. While based on the actual need and adjustments through feedback, the short term training program should be continued on the medium and long term, a SME enhancement program should be developed and implemented to guarantee appropriate strategic planning, educate leaders and work force, develop suitable frameworks and guidelines, regularly assess internal and external environment, and support national regulations and policy (Marchese et al., 2019).

In addition, a research and development program for a more structured way of applied research in leadership and performance measurement is wise in order to develop suitable frameworks, while spending human and financial resources effectively, and preventing overlapping in research activities. A thorough collaboration network between the relevant institutions such as consultancy and training firms, higher education institutes, and research and development units of private and public organizations is needed. Furthermore, establishing a structure including a business network to ensure access to finance in the medium and long term is another requirement to enable productivity enhancing investments (Marchese et al., 2019). Finally, all specific characteristics of SMEs in Suriname and the determinant of SME productivity should be adequately taken into consideration in designing above mentioned programs, targeting higher SME productivity (Sardi et al., 2020; World Bank, 2019). In conclusion, a training program, SME enhancement program, research and development program, and finance program that fit the business culture in Suriname, are recommended.

### **Further Research**

The recommendations for future research are elaborated in methodological and content area context.

#### *Methodological recommendations*

Supporting documents (secondary data) are highly scarce in the SMEs, since they are short term oriented with low adoption of a balanced performance measurement (Ates et al., 2013). Therefore, triangulation by applying observation as source of evidence should be included to ensure rigor and construct validity in future research (Ng et al., 2020). Although the multiple case study method provides rigor through the replication logic, overall generalization of findings is limited (Rowley, 2002). More follow up qualitative and quantitative research is necessary to confirm and improve the findings, explore other constructs, and determine causal relationships between constructs (Sardi et al., 2020). For qualitative exploration the multiple case study is preferred to ensure external validity (Rowley, 2002). Including more than one researcher in case studies is another method to especially ensure construct validity and reliability, and is recommended for future research (Singh, 2014).

#### *Content related recommendations*

The content area recommendations suggest relevant constructs of the internal and external environment, influencing leadership effectiveness and performance measurement (Marchese et al., 2019). Future studies should include these constructs for further and better understanding of the leadership and performance measurement constructs in SMEs. The internal determinants and characteristics influencing SME produc-

tivity involve among others firm size, gender, age, managerial skills, work force skills, ICT and digitalization, business networks, research and development investments, organizational culture, organizational structure, organizational support, and knowledge sharing (Marchese et al., 2019; Sahin et al., 2017). External factors exist at national and international level, related to the concepts such as national demographics, economic and market conditions, social and cultural aspects, technological development, environmental issues, and political developments and should be included in future studies (Marchese et al., 2019; World Bank, 2019). Given the need to adequately understand the role of leadership in SME performance, the very low productivity of firms in Suriname, and the scarcely available research, the findings of this study provide a starting point for a comprehensive SME research and development program for Suriname.

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