THE EFFECT OF LEADERSHIP QUALITIES ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES

Emelia Ohene Afriyie\textsuperscript{A}, Ernest Mensah Abraham\textsuperscript{B}, David Worwui-Brown\textsuperscript{C}, Gifty Awuku\textsuperscript{D}

\begin{tabular}{|l|l|}
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\textbf{Received:} March, 15\textsuperscript{th} 2024 & \textbf{Theoretical and Framework:} Leadership qualities play a role in enhancing employee job satisfaction and organizational performance. Trait theory believes that leaders are either born or made with some qualities that will make them excel in leadership roles. Leaders’ emotional intelligence, integrity, honesty, creativity, and innovation are vital for Small and Medium Enterprises' sustainability. \\
\textbf{Accepted:} May, 17\textsuperscript{th} 2024 & \textbf{Design/Methodology/Approach:} Descriptive design was adopted, using cross-sectional approach. Purposive sampling was used with a sample size of 400 employees of SMEs in the Accra Metropolitan Area. Usable questionnaires of 344 were analysed using IBM SPSS for the descriptive statistics with structural equation model (SEM) AMOS to investigate the extent of the relationship. \\
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Originality/Value: This work is unique because it adds to the literature on the impact of leadership traits on SME performance, which has not been thoroughly explored in a developing nation like Ghana. The study also illustrated how to utilize a structural equation model to examine the relationship between leadership and the performance of small businesses. Furthermore, by selecting samples from various SME sectors, the study enhanced the understanding of leadership attributes.

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O EFEITO DAS QUALIDADES DE LIDERANÇA NO DESEMPENHO DE PEQUENAS E MÉDIAS EMPRESAS

RESUMO

Objetivo: Este estudo tem como objetivo investigar o efeito das qualidades de liderança no desempenho das Pequenas e Médias Empresas (PMEs) e examinar o impacto que as qualidades de liderança têm no desempenho das PMEs.

Estrutura Teórica: As qualidades de liderança desempenham um papel importante no aumento da satisfação dos funcionários no trabalho e no desempenho organizacional. A teoria dos traços acredita que os líderes nascem ou

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sao criados com algumas qualidades que os farão se destacar em funções de liderança. A inteligência emocional, a integridade, a honestidade, a criatividade e a inovação dos líderes são vitais para a sustentabilidade das pequenas e médias empresas.

**Projeto/Metodologia/Abordagem:** Foi adotado um projeto descritivo, usando uma abordagem de seção transversal. Foi usada uma amostragem intencional com um tamanho de amostra de 400 funcionários de PMEs na área metropolitana de Accra. Os questionários utilizáveis de 344 foram analisados usando o IBM SPSS para as estatísticas descritivas com o modelo de equação estrutural (SEM) AMOS para investigar a extensão do relacionamento.

**Conclusões:** O estudo descobriu que cada um dos três atributos de liderança tem uma forte ligação positiva estatisticamente significativa com o sucesso das PMEs. Inteligência emocional, integridade e honestidade, e criatividade e invenção são fatores que influenciam o desempenho das PMEs.

**Originalidade/Valor:** Este trabalho é único porque contribui para a literatura sobre o impacto dos traços de liderança no desempenho das PMEs, que ainda não foi completamente explorado em um país em desenvolvimento como Gana. O estudo também ilustrou como utilizar um modelo de equação estrutural para examinar a relação entre a liderança e o desempenho de pequenas empresas. Além disso, ao selecionar amostras de vários setores de PMEs, o estudo aprimorou a compreensão dos atributos de liderança.

**Palavras-chave:** Liderança, Inteligência Emocional, Integridade e Honrarezde, Creatividad e Inovação, Desempenho, Pequenas e Médiass Empresas.

**EL EFECTO DE LAS CUALIDADES DE LIDERAZGO EN EL RENDIMIENTO DE LAS PEQUEÑAS Y MEDIANAS EMPRESAS**

**RESUMEN**

**Propósito:** Este estudio pretende investigar el efecto de las cualidades de liderazgo en el rendimiento de las pequeñas y medianas empresas (PYME), y examinar el impacto que tienen las cualidades de liderazgo en el rendimiento de las PYME.

**Marco Teórico:** Las cualidades de liderazgo influyen en la satisfacción laboral de los empleados y en el rendimiento de la organización. Según la teoría de los rasgos, los líderes nacen o se hacen con ciertas cualidades que les hacen sobresalir en sus funciones de liderazgo. La inteligencia emocional, la integridad, la honradez, la creatividad y la innovación de los líderes son vitales para la sostenibilidad de las pequeñas y medianas empresas.

**Diseño/Metodología/Enfoque:** Se adoptó un diseño descriptivo con un enfoque transversal. Se utilizó un muestreo intencional con una muestra de 400 empleados de PYME del área metropolitana de Accra. Los 344 cuestionarios utilizables se analizaron con IBM SPSS para las estadísticas descriptivas y con el modelo de ecuaciones estructurales (SEM) AMOS para investigar el alcance de la relación.

**Resultados:** El estudio descubrió que cada uno de los tres atributos de liderazgo tiene un fuerte vínculo positivo estadísticamente significativo con el éxito de las PYME. La inteligencia emocional, la integridad y la honradez, y la creatividad y la inventiva son factores que influyen en el rendimiento de las PYME.

**Originalidad/Valor:** Este trabajo es único porque se suma a la literatura sobre el impacto de los rasgos de liderazgo en el rendimiento de las PYME, que no se ha explorado en fondo en una nación en desarrollo como Ghana. El estudio también ilustra cómo utilizar un modelo de ecuaciones estructurales para examinar la relación entre el liderazgo y el rendimiento de las pequeñas empresas. Además, al seleccionar muestras de diversos sectores de PYME, el estudio mejoró la comprensión de los atributos del liderazgo.

**Palabras clave:** Liderazgo, Inteligencia Emocional, Integridad y Honradez, Creatividad e Innovación, Rendimiento, Pequenas y Medianas Empresas.

**1 INTRODUCTION**

Small and medium-sized businesses (SMEs) are essential to global development because they support economies on all continents (Razak et al., 2018). Effective leadership is critical for SMEs to succeed in the future, with managerial abilities and direction serving as the
leading performance indicators (Özer & Tinaztepe, 2014). Scholars have widely studied the significant impact that leadership plays in obtaining improved company performance in today's dynamic business climate. For SMEs to succeed and last, their leaders must possess specific attributes (Prabhu & Srivastava, 2023; Winanti, 2023; Lie et al., 2023).

Much research has been done on the success and failure of SMEs, emphasising their effectiveness in generating jobs and their role as national economic engines. SMEs make up a sizable share of the workforce (80%) and commercial activity worldwide, highlighting the need to develop leaders with traits that support SME success (Cantú et al., 2021; Lee et al., 2020; Mihajlović & Stojanović, 2019). Furthermore, SMEs are vital to social and environmental sustainability, and their combined influence is comparable to that of more prominent companies. SMEs make up a sizable (90%) business sector share and significantly increase employment and GDP (70%) in Ghana and other African nations. However, research on the connection between SME success and leadership traits needs to be improved, especially in Ghana (Abor & Quartey, 2010).

Excellent leadership, including the traits, abilities, and behaviours of leaders, is essential to the survival and expansion of SMEs (Setyawati et al., 2023; Williams, 2014; Ahiawodzi & Adade, 2012; Naqvi et al., 2011). Considering this, the study aims to ascertain how leadership attributes affect the performance of SMEs in the Accra Metropolitan Area. The study closes a vacuum in the literature since previous research has ignored chiefly the unique traits held by leaders and their effects on performance in favour of focusing on leadership behaviours. Successful leadership practices and organisational success depend on understanding the relationship between leadership qualities and SME performance (Burke et al., 2007).

2 THEORETICAL REVIEW

The study's foundation is trait theory, which holds that people differ in their personality qualities, which causes them to have different leadership capacities (Chamorro-Premuzic, 2016). This notion holds that leaders are other than followers because they have certain innate traits that they have either developed or inherited (Ashton, 2022; Michalski & Shackelford, 2010; Matthews et al., 2003; Michalski & Shackelford, 2010; Matthews et al., 2003; Zuckerman, 1991). Numerous leadership traits have been identified by psychologists, indicating that specific attributes are essential for effective leadership and that leaders are identifiable by these features. All leadership theories agree that specific crucial characteristics
of good leaders inspire followers and propel organisations to success. Trait Theory asserts that leaders must possess fundamental qualities to steer their organisations towards accomplishing strategic goals, even in the face of difficulties (Black, 2015; Krasnoff, Leong, & Siebersma, 2015; Carr 2010; Lievens Pascal Van Geit Pol Coetsier, 1997). Empirical evidence substantiates that specific attributes are necessary for business executives to achieve organisational objectives (Olanrewaju, & Okorie, 2019; Malcher & Malcher, 2016; Salfi, Hussain, & Virk, 2014; Bethel, 2012).

3 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

To achieve a competitive advantage in business, leaders of SMEs require leadership qualities or traits like emotional intelligence (Gómez-Leal et al., 2022,), integrity and honesty (Engelbrecht et al., 2017) and creativity and innovation for the sustainability of SMEs.

3.1 LEADERSHIP QUALITIES

Research on the attributes of effective leadership emphasises the complexity of good leadership (Milosevic et al., 2020). The significance of leaders having traits that encourage followership and confidence is highlighted by trait theory, as these attributes are critical for the success of an organisation (Breevaart & Zacher, 2019; Muteswa, 2016). Effective leadership involves motivating others to accomplish organisational goals, which requires proficiency in decision-making, persuasion, communication, and dispute resolution (Samimi et al., 2020; Bassell et al., 2019; Anderson, 2013). There are differences between bosses and leaders; people tend to favour innovative, honest leaders with a broad perspective (Muteswa, 2016). Effective leadership requires traits like emotional intelligence, communication skills, and humility. These traits also help to build trust and attract and nurture talent. The three main goals of leadership are productivity growth, trust-building, and leadership development (Delgado & Mitchell, 2016). Academic surveys, such as vision, trust, and consistency, identify numerous essential leadership attributes. (Bassell et al., 2019; Carr, 2010). Good leaders must be passionate, trustworthy, and flexible to drive innovation and progress inside their organisations. Overall, various context-dependent leadership traits can inspire followership and promote innovation and growth, which all contribute to the success of an organisation (Hao & Yazdanifard; 2015; Shontell, 2011).
3.2 EMOTIONAL INTELLIGENCE

Since the 1990s, emotional intelligence (EI) has attracted much attention and is now recognised as a critical component in developing influential leaders in organisations (Ruestow, 2008). Emotional intelligence (EI) is highly esteemed in academic and industrial contexts, often paired with technical proficiency and intellectual aptitude (Palmcrantz., 2018; Hagen, 2012; Gill, 2010). Research has indicated that there may not be a substantial association between gender variations in emotional intelligence (EI) and job insecurity, even if EI negatively correlates with it. Research also shows a high correlation between organisational commitment, employee job satisfaction, and a leader's emotional intelligence (Widowati, & Satrya, 2023). Emotionally intelligent leaders have the power to impact followers' behaviour, positively enhancing organisational effectiveness. It is advised that practitioners receive training in emotional intelligence (EI) to handle conflicts and leverage organisational goals successfully. Comprehending emotional intelligence facilitates decision-making and conflict resolution by enabling leaders to manage their workforce's varied backgrounds and temperaments (Hagen, 2012). Personal competence (self-awareness and self-management) and social competence (social awareness and relationship management) are necessary for effective EI management, and together, they enhance organisational effectiveness. In the end, organisational success is significantly impacted by leaders' emotional intelligence (Tanjo, 2022; Goleman, 2018; Bradberry & Greaves, 2009).

H1. The emotional intelligence of leaders influences organisational performance.

3.3 INTEGRITY AND HONESTY

Since honesty is valued as a virtue and deception is seen negatively, integrity and honesty are now key organisational expectations. Integrity emphasises adherence to moral principles and ethical ideals, which are critical for effective leadership performance (Ramdani, 2018; Levine, 2016; Bauman, 2013). It also includes honesty and strong morals. Integrity is the foundation of trust in leaders because followers respect those who are sincere and compassionate. Studies show that integrity and honesty are highly regarded in various settings and that being honest helps one discover the truth and keeps oneself from lying fair (Engelbrecht et al., 2017; Akar & Özkan., 2017). Employee honesty is influenced by the integrity and honesty of their supervisors, especially where there are shared financial interests.
Moreover, a leader's integrity inspires ethical behaviour and has a favourable impact on trust in them. On the other hand, morality, interpersonal trust, and kindness can occasionally take precedence over honesty. Successful organisational leadership and ethics are essential (Engelbrecht & Hendrikz., 2020; Gerlach et al., 2019).

H2. The integrity and honesty of a leader have an effect on organisational performance.

3.4 CREATIVITY AND INNOVATION

Innovation and creativity are essential in many areas but are especially important in entrepreneurship and small and medium-sized businesses (SMEs). Creating original and precise concepts for new projects is a creative way to gain a competitive edge (Shahab et al., 2018; Rashid & Ratten, 2021; Okpara, 2007). Contrarily, innovation is the art of successfully integrating original concepts into businesses to boost output and ensure long-term viability. Innovation is essential for SMEs to overcome obstacles, adjust to quick changes, and obtain a competitive edge (Cavalcante, 2011; Oke et al., 2009; Basadur & Gelade, 2006). Within businesses and organisations, leadership has a significant impact on innovation. Studies have demonstrated that individual innovation—the cornerstone of organisational success and competitiveness is greatly influenced by creativity and self-leadership. Innovative leaders are capable of creative thinking, essential for developing insightful ideas for SMEs. Studies in South Asia, namely in Pakistan, have highlighted the significance of creativity and self-direction in promoting personal innovation (Kalyar, 2011). The results show that these variables significantly impact an individual's capacity for innovation, which in turn helps organisations function well and succeed over the long run. SMEs need creativity and innovation to survive in changing circumstances, and leadership is critical to encouraging and assisting creative projects (Mumford et al., 2003).

H3. Creativity and innovation have a significant impact on organisational performance.

3.5 CHARACTERISTIC OF SMES IN GHANA

SMEs in Ghana have low entry barriers, with fertile areas of specialization. A typical example is the automobile industry, where different skills are required to manufacture and maintain vehicles (Bijaoui, 2017; Kyerewaa, 2010; Kheni, 2008). Buyers need relatively small quantities of customized products, e.g., artisanal trades. Since demand for any product version
is little, sales volumes are inadequate to support producing, distributing or marketing on a scale that yields advantages to a large firm.

3.6 SMES PERFORMANCE

Given that the SME sector contributes a growing portion of the nation's GDP, managers in this sector concentrate on improving performance to support the growth of businesses within it. SMEs are essential to economic development, especially when compared to larger firms (Mensah-Bonsu, 2012; Areyeetey & Baah-Boateng, 2007; Avci & Nassar, 2017; Avci et al., 2011). Financial and non-financial components of SMEs' performance can be distinguished, including growth, profitability, liquidity, and stock market performance. Product cost, quality, market share, rival performance, and firm performance measures are important factors that affect how well an organisation performs. Qualities such as adaptability, deliverability, and commitment are necessary to achieve robust performance (Katila & Shane; 2005). However, due to environmental needs and technology changes, defining company success consistently can be difficult and call for customised techniques for various circumstances (Job & Sanghamitra, 2010). Financial measures and operational indicators, including profitability, growth, customer and employee happiness, environmental and social performance, and market value, are frequently considered when evaluating SMEs' success. In the end, SMEs depend on their performance since it affects their ability to survive, grow, and effectively compete in the market (Saunila, 2014; Santos & Brito, 2012; Wijewardena et al., 2008).

4 METHODOLOGY

4.1 CONCEPTUAL FRAMEWORK

The purpose of a conceptual model is to give directions to the researchers toward the relevant evidence. The hypotheses are captured in the conceptual framework that consists of four latent variables as captured in Figure 1. The first three are leadership quality elements: Emotional Intelligence, Integrity and Honesty, and Creativity and Innovation. These together determine the degree of SMEs' Performance which is the fourth latent variable. Based on the conceptual framework the elements of leadership qualities represent the independent variables and SMEs performance, the dependent variable. In other words, this
Hypotheses:

Model 1: SMEs Performance = \( \alpha_0 + \alpha_1 \text{Emotional Intelligence} + \alpha_2 \text{Integrity and Honesty} + \alpha_3 \text{Creativity and Innovation} + \epsilon_1 \)  \hspace{1cm} (1)

**Figure 1**

*The Hypothesized Model*

4.2 RESEARCH APPROACH

The research employed exploratory and descriptive design, with survey and quantitative techniques utilized to find the leadership attributes of SMEs and the impact they make to firm performance. Surveys and questionnaires, according to Hair et al. (2019), are commonly used in the behavioural sciences and are a relatively efficient method of acquiring large amounts of information. It is possible to elicit responses from people about their attitudes, opinions, personal characteristics, and actions by asking a few thoughtfully crafted questions. As seen below, the questionnaire was divided into four portions, each concentrating on one latent variable in the conceptual framework.

1. emotional intelligence (EI1...n) – questions concerning the quality of a firm's leader element (Maria Palmcrantz, 2018);
2. integrity and honesty (IH1...n) – a question concerning the quality of the firm's element (Marc-Charles Ingerson, 2014);

3. creativity and innovation (CI1...n) – an inquiry about the firm's consideration of the quality of its leader element (Minnesota Satisfaction Questionnaire);

4. performance (PF1...n) – questions on quantifying the influence of leadership attributes on SMEs' performance (Tabisa Mtati, 2018).

A five-point Likert scale was employed, with 1 indicating strongly disagree, 2 indicating disagree, 3 indicating neutral, 4 indicating agree, and 5 indicating strongly agree. Employees of SMEs in the Accra Metropolitan Area made up the sample. Prior to the major data collection, 20 questionnaires were pretested, and the feedback received helped to improve the questionnaire's clarity and structure. Because it was difficult to get a sample frame of SMEs in the Accra Metropolitan Area due to the COVID-19 pandemic, 400 surveys were delivered face to face, and 344 valid questionnaires were obtained, representing an 86% response rate. When compared to earlier works on idea sample size for structural equation model using Amos, the sample size is quite adequate (Fowler, 2013; Lucko & Rojas, 2009: Krejcie & Morgan, 1970).

4.3 DATA ANALYSIS

The IBM Statistical Package for Social Science (SPSS) and the Amos Structural Equation Modelling (SEM) technique were used for the analysis. The model was used with this IBM SPSS analytical tool, and it is suitable for explaining one or more independent observable variables' (Schumacker & Lomax, 2010, pages 3). SEM has an advantage in measurement and prediction over standard multiple regression (Kelloway, 1998). According to Hair et al. (2018), the increased use of SEM is due to its ability to handle troublesome modelling difficulties in social science research. According to Fekpe and Delaporte (2019), SEM is an analytical tool that evaluates both a structural model and a measurement model at the same time. SEM also aids in estimating the structural model by accounting for the errors embedded in the measurement of each latent variable. SEM allows for the contemporaneous estimate of endogenous variable coefficients and the underlying links between them, and the exogenous variables being accessed (Mulaik & Millsap, 2000). For better estimation of the general fitness of the proposed model, the following model fit indices are suitable for investigation. The Chi-Square (X²), Normed fit index (NFI) (Bentler & Bonett, 1980), Goodness of appropriate index (GFI) (Joreskog & Sorbom, 1996), Tucker Lewis index (Tucker & Lewis, 1973), (TLI) Competitive fit index (CFI) (Bentler &
Bonett, 1980), Root Mean Square Error of Approximation (RMSEA) (Fornell & Larcker, 1981) were model fit indices employed for the analysis.

4.4 MEASURES

As previously stated, three different scales were developed to assess leadership skills in Ghanaian SMEs. Palmcrantz (2018)’s five-point Likert scales were used to determine emotional intelligence items. In addition to this, issues relating to integrity and honesty were assessed using a five-point Likert scale devised by Ingerson in 2014. Creativity and innovative things were considered using five-point Likert scales from https://www.myskillsprofile.com/tests/csq. "My boss is capable of generating creative ideas and solutions," for example. Finally, the items for organizational performance were derived from a five-point Likert scale produced by Mtati (2018). "I have a great sense of belonging to this organization," for example.

5 RESULTS

5.1 PROFILE OF PARTICIPANT

Participants in the sample were all employees of SMEs in the Accra Metropolitan Area. Sixty-four per cent of those who took part were men, while 36 per cent were women. Most participants (84%) were between the ages of 20 and 40, with only 16 per cent being 41 or older. Precisely 56% were single, nearly 38% were married, slightly more than 5% were divorced, and approximately 1% were widowed or widowers. According to the research, practically all SMEs' staff have primary education. A little more than 45 per cent had a senior high school education, with the second highest being a First Degree (20%), third, a Higher National Diploma Professional (13%), fourth, a professional (4%), fifth, a master’s degree (3%), sixth, a Doctor of Philosophy (2%) and other related degrees (20 per cent). Inherently, about 76% of firms have been registered, whereas 24% have not been registered. Over 57 per cent of the sample had worked for their organization for five years or less, 23 per cent had six to ten years of experience, above 10 per cent had sixteen years of experience, and the lowest had more than eleven to fifteen years. According to the survey, firms employing less than five people (micro) accounted for about 60% of all businesses, small businesses (employ 6-29) accounted for
approximately 39%, and medium-sized companies (employ 30-99) accounted for around 2%. The study demonstrates that most businesses in the Accra Metropolitan Area are micro.

5.2 CONFIRMATORY FACTOR ANALYSIS

The study employed the IBM SPSS Amos 23 structural equation model for contrasting the hypotheses, which included model estimation. According to Baumgartner and Homburg (1996), SEM is a widely accepted tool in social science and economics appropriate for analyzing relationships between latent variables (Jimenez et al., 2016; Fornell 1982). CFA was used in this study to examine the distinctiveness of the three measures from data collected from employees within Ghanaian SMEs in the Accra Metropolitan Area to establish valid factors structure for the leadership qualities scales; in total, the study used 38 items to solicit participants' opinions. The researchers used ten items to assess all the leadership qualities (emotional intelligence, integrity and honesty, creativity and innovation) except the organizational performance. Eight items were used to evaluate it. Latent variable 1: emotional intelligence, which accounted for 24.338 per cent of the variance explained and had an eigenvalue of 3.010 for all ten variables in this factor, is the lowest of all eigenvalues among the ten factors. Latent variable 2: integrity and innovation explained 42.860 per cent of the variance and had an eigenvalue of 4.286 for all ten variables in this factor. With an eigenvalue factor of 4.513, latent variable 3: creativity and innovation accounted for 45.134 per cent of all variables. The final latent variable, organizational performance, has the highest explanatory power, explaining 58.642 per cent of the variance with an eigenvalue of 4.691 for all eight variables and the highest communalities values of all components.

According to Hooper et al. (2008), absolute fit indices assess how well a model fits the sample data and determine which model has the best match. At the first attempt, the four-factor model for leadership qualities produced good fit indices using overall goodness-of-fit (GFI) statistics (GFI = 084, CFI = 088, RMSEA, but RMR had.054 fit index, and there were some items coefficient values below the threshold of .05. Cohen (1988) indicated that all items' coefficients value should be > 0.5, which calls for the modification of the model. All 38 items measuring the four latent variables make up the first model (M1). All non-significant values were eliminated from the model to increase the model fit indices, including six items from emotional intelligence (EOI2, EOI3, EOI4, EOI7, EOI9, EOI10) and two items from integrity and honesty (IAH6, IAH7). Model 2 was made up of 30 items and to improve the fit indices of
the model, all items with high covariance were deleted. Two items from integrity and innovation (IAH2, IAH3), and two from organizational performance (OPF1, OPF5) and one item from creativity and innovation (CAI9), were eliminated to give the model fit indices as (GFI= 0.91, CFI = 0.95, RMSEA = .043). The third model was accepted as the final model. Table 1 displays the model’s results, while Figure 1 depicts the completed CFA model.

### Table 1

**CFA goodness of fit indices**

<table>
<thead>
<tr>
<th>Goodness of fit results</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute Predictive fit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CMIN</td>
<td>1212.952</td>
<td>434.626</td>
<td>347.064</td>
</tr>
<tr>
<td>DF</td>
<td>659</td>
<td>269</td>
<td>224</td>
</tr>
<tr>
<td>P-value</td>
<td>(P&lt;0.01)</td>
<td>(P&lt;0.01)</td>
<td>(P&lt;0.01)</td>
</tr>
<tr>
<td>CMIN/DF</td>
<td>1.841</td>
<td>1.616</td>
<td>1.549</td>
</tr>
<tr>
<td>Comparative fit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GFI</td>
<td>0.84</td>
<td>0.909</td>
<td>0.919</td>
</tr>
<tr>
<td>NFI</td>
<td>0.775</td>
<td>0.874</td>
<td>0.898</td>
</tr>
<tr>
<td>TLI</td>
<td>874</td>
<td>0.942</td>
<td>0.956</td>
</tr>
<tr>
<td>CFI</td>
<td>882</td>
<td>0.948</td>
<td>0.961</td>
</tr>
<tr>
<td>RMR</td>
<td>0.054</td>
<td>0.044</td>
<td>0.041</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.5</td>
<td>0.43</td>
<td>0.041</td>
</tr>
<tr>
<td>PCLOSE</td>
<td>0.458</td>
<td>0.942</td>
<td>0.971</td>
</tr>
</tbody>
</table>

### Table 2

**CFA for EOI, IAH, CAI and OPF**

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Observed Variables</th>
<th>Coefficient $\lambda$</th>
<th>Std Loading</th>
<th>Cronbach’s a</th>
<th>CR</th>
<th>AVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional Intelligence</td>
<td>EOI6</td>
<td>0.950***</td>
<td>0.656</td>
<td>0.719</td>
<td>0.846</td>
<td>0.740</td>
</tr>
<tr>
<td></td>
<td>EOI5</td>
<td>1.000***</td>
<td>0.703</td>
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<tr>
<td></td>
<td>EOI1</td>
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<td>0.559</td>
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<tr>
<td>Integrity and Honesty</td>
<td>IAH4</td>
<td>0.923***</td>
<td>0.735</td>
<td>0.840</td>
<td>0.886</td>
<td>0.771</td>
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<tr>
<td></td>
<td>IAH5</td>
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<td>0.619</td>
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<tr>
<td></td>
<td>IAH8</td>
<td>1.000***</td>
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<tr>
<td></td>
<td>IAH9</td>
<td>0.943***</td>
<td>0.782</td>
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<tr>
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<td>0.885</td>
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<td>CAI9</td>
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<td>Organisational Performance</td>
<td>OPF8</td>
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Notes: This table presents the standardized coefficients of adjusted confirmatory factor analysis (CFA), Cronbach’s a, composite reliability (CR) and average variance extracted (AVA).
Table 3

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Constructs</th>
<th>Path coefficient</th>
<th>Standardized Errors</th>
<th>Critical Ratio</th>
<th>P-value</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>EOI --&gt; OPF</td>
<td>0.219</td>
<td>0.079</td>
<td>2.779</td>
<td>0.006</td>
<td>Significance</td>
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<tr>
<td>H2</td>
<td>IAH --&gt; OPF</td>
<td>0.277</td>
<td>0.070</td>
<td>3.496</td>
<td>***</td>
<td>Significance</td>
</tr>
<tr>
<td>H3</td>
<td>CAI --&gt; OPF</td>
<td>0.248</td>
<td>0.103</td>
<td>3.079</td>
<td>0.002</td>
<td>Significance</td>
</tr>
</tbody>
</table>

Note: * p < 0.1; ** p < 0.05; *** p < 0.01

Table 3 shows the relationship between constructs. From the table H1, shows the correlation between EOI and OPF at (β = 0.219, p < 001), IAH and OPF at (β = 0.277, p < 001), CAI and OPF at (β = 0.248, p < 001). All the path coefficients show clearly that all leadership qualities (EOI, IAH, and CAI) are positively related to organisational Performance (OPF) and statistically significant at a 99% confidence level i.e. (≤ 0.001). It is, therefore, accepted that all
endogenous variables are entirely and collectively related and thus determine the level of organisational Performances.

6 DISCUSSION

This study aimed to show how important it is for employees in SMEs to pay attention to emotional intelligence, integrity and honesty, creativity and innovation of leaders, and their impact on organizational performance. Following a literature review, the researchers developed three hypotheses, verified and confirmed.

H1 asserted that the emotional intelligence of leaders of SMEs had a good link with organizational performance. According to Berkovich and Eyal (2017), Pierce (2014), and Matthews et al. (2012), emotional intelligence helps leaders build relationships over time. According to DeMatthews et al. (2021), this form of connection is extraordinarily demanding and necessitates an emotionally intelligent leader who is in touch with their own emotions: recognizes, understands, and manages them in the spirit of dealing with each issue quickly and truthfully. Leaders must work with their emotions, according to studies published in 2021 (Caruso & Salovey, 2016; Djambazova-Popordanoska, 2016). Emotional intelligence directly impacts employee culture, employee dedication to work, job happiness, achievement, and well-being (Russo-Netzer & Shoshani, 2019; Tan, 2018). Emotional intelligence is vital for effective leadership, according to Gómez-Lea et al. (2022), with self-awareness, self-management, and empathy being the most employed skills/competencies. According to Muteswa (2016), a good leader must possess specific characteristics such as emotional intelligence, confidence, the capacity to convey the vision and values, establish the correct culture, and humility. A leader's ability to develop trusted relationships significantly impacts the development of staff happiness and performance.

H2 states that the integrity and honesty of leaders of SMEs have a good association with organizational performance, which has been proven and approved. Nangoli (2020) found that perceived leadership integrity favourably promotes variations in commitment among organizational employees, which leads to organizational success. Sincerity ethics, transparency, devotion to identifying and attracting talent, and the ability to learn from failure and band experiences (Anderson, 2013). According to studies done by Bassell et al., (2019), Delgado and Mitchell (2016), and Carr (2010), the highest characteristic of a leader is integrity.
According to H3, creativity and innovation positively impact organizational business. In support of these findings, Lee et al. (2020) stated that leadership creativity and innovation assist organizations to function in the long run. Individuals with a creative mentality can boost corporate creativity and inventiveness by employing practical problem-solving techniques and efficiently utilizing current resources (Ahlin et al., 2014; Shahab et al., 2018). Some research has found a link between creativity and identifying business opportunities (Wang, 2022; del Campo, 2017). According to Samad (2012), there is a positive and substantial relationship between organizational success and innovation. According to Bassell et al., (2019), most students prefer innovative leaders, who have integrity, and think globally. As a result, future leaders should build on learning organizations, support diversity, and guarantee that employees are engaged in meaningful work.

It is concluded that organizations should have a pragmatic perspective on the outcomes associated with leadership qualities and organizational performance. Leadership qualities may bring about organizational performance, whereas leaders ignoring such an essential aspect of leadership may cause organizational performance to suffer. The empirical evidence shows that each leadership trait and performance have substantial statistically significant positive connections. According to the findings, employees of SMEs prefer leaders with emotional intelligence, integrity, honesty, creativity, and innovation. SMEs should hire managers who possess these skills to help steer their affairs to a successful conclusion. Researchers should conduct a qualitative investigation of SMEs' leadership skills. Leaders of SMEs should be taught emotional intelligence to better comprehend and apply human emotions.

The study has limitations, which may provide useful ideas for future research. For starters, the study used cross-sectional data, which made drawing causal inferences impossible. The study can use panel data to investigate the causal effect of emotional intelligence, integrity and honesty, creativity and innovation, and SMEs performance for further study. Second, future research can include other mediating, moderating, or controlling variables such as job satisfaction or motivation, which studies have shown that SMEs employees are dissatisfied with their jobs due to low pay (Opuni et al., 2022; Deeb et al., 2018; Afriyie et al., 2013).

7 CONCLUSION

This study has provided a deeper understanding of the effect of leadership qualities on organisational performance. The findings support the significance of leadership qualities in
addition, the results contribute to the existing body of knowledge on leadership qualities. Practically, the study guides SMEs in the kind of leadership qualities that assist in organisation performance. The study underscores the need for SMEs to understand the leadership qualities that will help them to be sustainable in the economy.

8 LIMITATIONS

Despite the essential insights provided by this research, some limitations should be acknowledged. The study population comprised of SMEs in Greater Accra, and it cannot be generalisable. Secondly by all and it cannot be generalised on all SMEs. Secondly the study used questionnaire and a cross-sectional design which limits the ability to explore the dynamic nature of the SMEs and future study should use in-depth interview. Finally, the previous study should sample SMEs from all the regions to help generalise the findings of the study.

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