The Role of Effective Leadership on the Employees of Small and Medium Enterprises in Ghana

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Purpose: Leadership style is one of the most crucial human resource-related outcomes and one of the most studied topics in management. The study assessed the role of effective leadership on the employees of small and medium scale enterprises (SMEs) in the Cape Coast Metropolis in Ghana.

Study design/methodology/approach: A descriptive research design was adopted for the study and 205 participants responded to the questionnaire. Statistical Package for Social Science (SPSS) was used to analyze and present the data in tables for easy interpretation.

Findings: The findings from study demonstrate that, transformational, transactional, democratic, laissez-faire and autocratic are some of the leadership styles exhibited by the SME operators in the Metropolis. Secondly, planning and controlling ability, role model, self-confidence, age, rewarding achievement and influence by subordinates are the factors that motivate employee's behaviour at the workplace. Lastly, the study found out that, the benefits employees derive from effective leadership are; employees liked their job, received regular job performance feedback and also believed there is fairness in the way their performance is assessed, had an annual set of performance standards, felt secured and also had opportunities to advance in their line of function.

Originality/value: This study is useful to the SMEs operators and the National Board for Small Scale Industries (NBSSI) in Ghana to create policies on the leadership styles that will increase employee engagement and motivation, which will improve the economy growth in the country.

Keywords: Effective leadership, Employees, SME's, Cape Coast Metropolis, Ghana.

Introduction

Globalization has made organizations shifted away from the production and financial based ways of management to modern and broader range of leadership skills, competencies and styles. Leadership is simply "the art of influencing people to strive willingly towards the achievement of goals". In a business, leadership is important in fostering a positive culture and environment. Effective leadership style could promote excellence in the development of the members of the organization. It is fair to say that leadership has played an important role since the dawn of history of mankind (Guthrie & Devies, 2024). Northouse (2025) defines leadership as a process whereby an individual motivates a team of people to accomplish a shared objective. However, good leaders must understand that positive relationships with all the stakeholders of a firm are the goal standard for all organizational efforts. Good quality relationships built on respect and trust are the important determinants of organizational success. Leadership is also explained as getting individuals to take actions they never would have imagine of doing, did not believe are possible or they are unwilling to perform. It is pertinent to distinguish between leadership as an organizational function and as a personal quality. In other words, leadership can be defined as

a process of influencing the activities of an individual or a group of people towards goal achievement in any given situations (ibid).

According to Sabanidze et al. (2021), SMEs are essential to economic growth since they make up a sizable percentage of firms in the country that employ a large workforce, stimulate innovation and support local communities. SMEs are typically seen as the foundation of every robust economy since they enhance growth, create jobs and open up new markets. In addition to providing employment opportunities, SMEs foster competitiveness in terms of pricing, product design, and efficiency. Without SMEs, large corporations will turn into monopolies. Furthermore, small businesses support large corporations by distributing their products and raw materials. The foundation of success for small and medium-sized enterprises is associated to a strong leadership. Leaders can direct their organizations toward long-term success and prosperity by adopting a growth mind-set, developing emotional intelligence and promoting an innovative and inclusive culture.

Recently, one major issue of leadership in this competitive business environment is effective leadership. Effective leadership is characterized by the interaction among leaders and their followers in terms of employees' efficiency and performance. Employees are the workforces of any businesses and they carry out the duties required to achieve the desired objective of the enterprises (Noureddine, 2015). As Igbaekemen (2014) stated that, employee satisfaction is impacted by the employees' perception of their job and the organization for which they work. Employees' perception of leadership behavior is an important predictor of employee performance. Individual perception of the organization is related to job attitudes. According to Kissinger (2024), leadership styles can either motivate or discourage employees, which in return can cause employee's increase or decrease in their level of engagement. The sources of employee job dissatisfaction include inadequate salary, conflicting job demands (from the leadership) and absence of promotion prospects. For efficiency purposes, an effective leadership style can be seen as one that positively motivate employees' satisfaction and results in better performances and increases productivity in a clearly desirable manner. Effective leadership is helpful in ensuring organizational performance. Consequently, throughout the past half-century, numerous leadership theories have been put forth, and it is said that these theories have affected the effectiveness of firms where they have been applied through employee performance.

Pryce (2016) explained that, small business management is particularly difficult to manage because there are no established protocols and employee turnover is on the rise. This makes it a challenge for these small enterprises, especially since many of the highly skilled and experienced personnel leave the firm without giving a clear reason. Studies conducted on leadership, leadership styles and employees' performance at the global level indicates that, leadership is a critical determinant of organizational output. Business organizations require effective leaders to direct and develop organizational objectives, set targets, coordinate efforts, motivate employees and monitor performance for businesses to attain their goals. Individual performance has become a topical issue in today's business environment so much that, organizations goes through its lengths to appraise and manage it (Noureddine, 2015).

Despite these research works on the subject, clear and convincing understanding on the role of effective leadership on the employees of small and medium scale enterprises have not been thoroughly investigated in Ghana especially in the Cape Coast Metropolis. Review of empirical studies on the role of leadership on employee shows that, studies in Ghana are limited. The few empirical studies available are limited in scope. Most of these studies focused on other cities and regions in the country while none of the studies has been conducted on how effective leadership motivate employees of the SME's in the Metropolis and the benefits employees obtained from effective leadership. The study seeks to contribute to literature by evaluating the

role of effective leadership on employees of SMEs in the Cape Coast Metropolis in the Central Region of Ghana. Therefore, the study seeks to achieve the following objectives:

- To examine the specific leadership behaviour's exhibited by the managers of the SMEs in the Cape Coast Metropolis.
- To determine the factors that motivate employee's behaviour at the workplace among the SMEs
- To identify the benefits derived by employees from the effective leadership styles exhibited by the managers of the SMEs

In view of the effective leadership role being essential to the small-scale businesses in Ghana, it is therefore imperative to assess the role leadership plays to motivate employees of SMEs with special emphasis on the Cape Coast Metropolis in Ghana.

Literature Review

According to Sabanidze et al. (2021), SMEs contribute an adequate amount of new ideas and talents to the economy, create employment avenues, increase the gross domestic product and, make the marketplace more dynamic. They are the source of many inventions and developments worldwide, enhancing markets environments and improving the lives of consumers in general. Apparently, technological advancements have given SMEs a strong presence today. New markets are being identified by entrepreneurs who establish ways to access these markets. Additionally, small firms are more likely to endure economic downturns since they are typically more customer-oriented or understand the requirements of their local community. SMEs dominate in quantity across all industries, which greatly influence their capacity to respond quickly to market demands. Effective leadership has been an essential part of managing and motivating employee's engagement among these firms so; there is the need to pay particular attention to the leadership styles exhibited by various leaders in an organisational structure.

Theories of Leadership

- **Trait Theory**: Trait theory holds that some people are born with special leadership traits that make them destined to influence history and guide others. Trait approach perceives leadership as the core of organization effectiveness and performance. Trait perspective assumes that great leaders are born with distinguished traits/characteristics that make them different from other people. It assumes that leaders are born, not made and that they possess certain features that are not in non-leaders (Benmira & Agboola, 2021).
- **Behavioral Theory**: Rachmad (2022) stated that effective leaders can be made. Anyone can be trained to be a leader. This theory of leadership is based upon the belief that great leaders are made, not born.
- **Contingency Theory**: Contingency theory of leadership explained that a person's ability to lead effectively depends on the circumstances in which they find themselves. In other words, it is a matter of whether a person's style of leadership is appropriate for the situation or not (Shala et al., 2021).

The Concepts of Leadership

Dugan (2024) defined leadership as the act of influencing individuals or groups within an organization in its efforts in achieving a goal. These approach emphasis on the transformation that will bring positive change in the organization, groups, interpersonal relationships and the environment. Leadership is explained as the capacity, which implies that, the ability of a leader is to listen and observe and to use their expertise as a starting point to encourage dialogue within all levels of decision-making. Leaders must be able to establish processes and transparency in decision making to articulate their own values and visions clearly but not to impose them.

Bolden et al. (2023) explained leadership as the means of using a leading strategy to inspire, motivate and to promote the staff's potential for growth and development. Leaders should

motivate employees to improve their performance that can keep operations running smoothly and effectively. They also need to constantly keep them abreast with the current affairs and situations. For organizations to achieve a higher level of productivity there are many steps and activities that could be undertaken by leaders. The following highlights six steps that could be considered *(i)* Employee ownership and accountability: *(ii)* Clarity of Goals: *(iii)* Managing Employee's Satisfaction: *(iv)* Communication: *(v)* Recognition and Incentives: *(vi)* Innovation.

Popular Leadership Styles

- **Transformational Leadership***:* In general, transformational leaders are passionate, vivacious and enthusiastic. These leaders care and participate in the process of a work, but they are also committed in ensuring the success of each individual in the group. By clearly communicating the group's objectives, transformational leaders take charge of situations. These leaders are clearly passionate about what they do and have the ability to provide the group with new enthusiasm and vitality. Transformational leadership focuses on providing group members the support, direction and motivations. These leaders assist employees to put in a lot of effort, perform effectively and remain devoted to the group. Developing group members' confidence, encouraging loyalty, and inspiring progress are the major objectives of transformational leadership (Bwalya, 2023).

- **Transactional Leadership:** Transactional leadership is explained as where leaders and their subordinates share resources, expertise, abilities, or effort. Extrinsic motivation and personal interests are given priority in this leadership style as means to attain a desired result. Its short-term objectives are met through a framework of incentives and sanctions. Two key elements define transactional leadership: management-by-exception and contingent compensation. Rewards given in appreciation of hard work and accomplishments are known as contingent rewards. The current situation is maintained by management-by-exception, which only takes actions when performance is below acceptable level or when remedial action is necessary to raise performance (ibid).

- **Laissez-Faire Leadership Style:** Laissez-faire meaning in French phrase as "letting people do as they choose." Followers of laissez-faire leaders are given the freedom to take charge of their own work and make individual judgments. When necessary, they provide support, direction, consulting, and training to their staff, but they rely on them to control their activities and projects. Because they feel at ease assigning work to others, laissez-faire leaders are also called delegative leaders. While they are still responsible for the group's accomplishments and faults, these leaders don't mind if their team makes mistakes while working on a project. Laissez-faire leaders value freedom and allow their team members to have the liberty to decide and handle their task however they see it to be a good fit (ibid).

- **Autocratic Leadership:** Autocratic leadership is a style in which a single leader makes all of the decisions and hardly consults with others. This leader usually disregards the thoughts or recommendations of others while making decisions, instead depend on their own judgment and viewpoints. Autocratic leaders are frequently characterized as having absolute control and authority over others. These leaders frequently don't listen to their team or ask for advice from others; instead, they make decisions based solely on their own opinions (ibid).

Factors that Motivate Employee's Behaviour at the Workplace

According to Miner (2015) these are some of the factors that motivate employees:

Recognition and appreciation are two key elements of motivation in a company. In addition to making employees feel valued and accomplished, giving them praise and recognition also reinforces their excellent work and motivates them to keep doing the same things before.

Secondly, a good leadership style can encourage people to perform well and foster business loyalty. It assists employees in establishing objectives and recognizes their accomplishments. The right leadership style support employees in setting goals and objectives for their roles, pursuing those goals, and staying motivated for the duration of their employment with the company.

Additionally, emphasizing the opportunities for career progression increases employee motivation at work. Employees who believe they have remained in their current role with no room for advancement within the organization are more prone to quit and seek out alternative employment opportunities. Employees may be more motivated to strive for a promotion if they are aware of a clear path for career opportunities within their current role, which would eventually boost output.

Lastly, the culture of a business has a big influence on how motivated employees feel at work. Good corporate cultures that encourage employees and regularly bring them together make many employees feel more appreciated and love their jobs more. When enhancing the positive culture of a firm or team, it is important to concentrate on areas such as employee well-being, equality and inclusion among employees and empathy for employees.

Benefits Employees Derive from Effective Leadership in the Firm

Iszatt-White & Saunders (2017) identify the following practices as some of the key benefits employees derived from effective leadership in an organization.

Employees benefit from good morale, feel happy and satisfied as a result of effective leadership. Leaders that regularly conduct performance standards, measure employee productivity, and observe employee behavior are frequently successful in raising employee morale. Through effective leadership outcomes, employees feel appreciated and valued which improves the productivity of the firm

Secondly, a common strategy that employees benefit from effective leadership is enhanced communication. Effective communication must be extremely precise and honest. Effective leadership improved decision-making, better teamwork, closer relationships, more clarity, and less conflict among employees. Moreover, it creates a more favorable work atmosphere and increases job satisfaction, productivity, and employee engagement.

Similarly, Effective corporate leaders are able to inspire their employees by their behaviors, which is a major advantage. Leaders might emphasize intangible (such as publishing employees in the company newsletter) or tangible (such as offering financial incentives) motivation techniques. By expressing gratitude for the employees' efforts, they can preserve a positive workplace culture and even attract top talent from the industry.

Review of Studies on the Factors that Influence Leadership Perceptions in Ghana

This section of the study reviewed some studies in Ghana on leadership perception.

The study of Alabi & Alabi (2014) examined leadership competence in the Ghanaian higher education along with how the dean process may affect efficient performance. A qualitative method was used to gather information from 38 respondents using surveys and interviews. According to the findings, deans' effectiveness is primarily influenced by their inadequate level of leadership skills and development.

Alabi & Alabi (2010) gathered data from three public universities to examine the characteristics that influence leadership quality in the Ghanaian higher educational institutions. Exploratory and causal designs were both used in this mixed-method study to examine the aspects of leadership quality from a Ghanaian point of view. According to the study, the most significant

factor influencing leadership quality in higher education was vision quality. Personal and situational circumstances are the next significant dimension that affects leadership quality. The report suggests that enhancing the quality of leadership in higher education institutions necessitates a clear vision, better leadership qualities, and an implicit awareness of the organizational and situational elements that are present in the institution at the given time.

This study analyzed the variables affecting teacher effectiveness and leadership in Ghana's Volta Region's Senior High Schools (SHS) in the Ho municipality. It examined how heads view the problems that restrict their schools' ability to lead effectively. 312 teachers and 10 heads of school were interviewed as part of the qualitative and quantitative methodologies used to gather the research data. The study's main conclusions point to a number of variables that affect school leadership. These comprised the following: intentional, inclusive, values-driven, gender-driven, intellectual, work management, interpersonal communication, and people-and-work management (Samuel, 2012).

Salifu & Darkwah Odame (2022) examined the prevalence of leadership behaviors among heads of departments (HoDs) using the higher education environment in Ghana. The cross-sectional study involved 546 respondents from 180 higher education institutions nationwide. According to the study, teachers in the higher education generally believed that the actions of heads of departments were harmful and opinions differed greatly depending on the kind of institution. Furthermore, the leadership styles of HoDs affected the perception of the subordinates. Additionally, the perceived frequency of leadership behaviors by HoDs in the Ghanaian higher education institutions differed considerably by gender, age, and years of employment.

Methodology

Research Design

The study analyzed the role of effective leadership on the employees of SMEs in Ghana using a descriptive survey design. Descriptive survey design is a technique that provides a detailed overview of a population's characteristics, behaviors, and opinions. It aims to provide a comprehensive picture of a situation by addressing the "what," "where," "when," and "how" questions (Connaway et al., 2017)

Target Population

The target population was 480 SMEs in the Cape Coast Metropolis operating in the manufacturing, pharmaceutical, herbal, tourist, hotel, food and beverage, agribusiness, clothing, leather, and textile industries that were registered members of the Ghana National Chamber of Commerce and Industry, Cape Coast Branch. According to Pandey & Pandey (2015), the census approach improves data validity by including rich information in the data. Since all of the SME's were taken into account, the study is regarded as a census. However, 205 SMEs responded to the questionnaire which represents the response rate of the study. The study selected one employee from the SME's to fill out the questionnaire. The SME's operators assisted in the selection of the participants for the data collection. The hard copies of the questionnaire were distributed in person to the respondents during their business hours.

Data Collection and Analysis

SPSS was used to analyze the data gathered from the questionnaires. Descriptive statistics was used to examine and describe the role of effective leadership on the employees of SMEs in the Cape Coast Metropolis of Ghana. The descriptive statistics namely; frequencies and percentages were used for the analysis.

Measurement of the Research Instrument

The measurement items utilized in this research work were 4-point Likert type scale that ranged from 1: strongly disagree, 2: disagree, 3: neutral and 4: strongly agree. Respondents were asked to indicate their degree of agreement with the questionnaire items using the aforementioned scale.

Reliability of the Research Instrument

The degree of reliability is usually to measure the research instrument and how it is compatible with the variables of the study. The aim of reliability is to reduce biases and errors in a study (Connaway et al., 2017). The reliability of the research instrument was done through pre-testing of the instrument on 3 participants from the target population.

Results

Table 1: Gender of SME's Respondents

Respondents	Frequency	Percentage %
Male	84	40.98
Female	121	59.02

Source: Author (2025)

From Table 1, 121(59.02%) of the respondents were females while 84(40.98%) were males. This indicates that, majority of the respondents that participated in the study are females.

Table 2: Nature of the SME'S

Respondents	Frequency	Percentage %
Trade	116	56.59
Services	74	36.10
Manufacturing	15	7.31

Source: Author (2025)

The study covered three (3) selected business sectors namely trade, services and manufacturing. The results are presented in Table 2. The results explained that 116 (56.59%) of the respondents were engaged in trading. Those engaged in rendering services were 74 (36.10%) operators while 15 (7.31%) were in the manufacturing sector. This explains that trading is the primary activity of the majority of SMEs in the Cape Coast Metropolitan Area. This may be because there are no strict laws or entry requirements for informal business and the majority of SMEs (informal sector) cannot afford the large start-up capital of manufacturing firms.

Table 3: Years Employees have worked with the Firm

Respondents	Frequency	Percentage %
1 – 5 years	125	60.98
6 – 10 years	57	27.80
11 years and above	23	11.22

Source: Author (2025)

Table 3 demonstrated that the majority 125 (60.98%) of the respondents have been working for the firm between 1-5 years, followed by respondents that have been engaged with the firm for 6-10 years 57 (27.80%) and 23 (11.22)% of the participants had been working for the business for 11 years and above.

Table 4: Leadership Styles Exhibited by SME Operators

Respondents	Strongly Agree %	Strongly Disagree %
Autocratic Leadership	75 (154)	25 (51)
Laissez-faire Leadership	75 (154)	25 (51)
Democratic Leadership	58.5 (120)	41.5 (85)
Transactional Leadership	66.8 (137)	33.2 (68)
Transformational Leadership	83.4 (171)	16.6 (34)

Source: Author (2025)

Table 3 demonstrates respondents' perception on the leadership styles exhibited by SME operators in the Cape Coast Metropolis. It can be emphasis from Table 4 that, majority 83.4% of the respondents strongly agreed that transformational leadership style exist at their enterprise, with few 16.6% strongly disagreeing to this fact. 66.8% of the participants also strongly agreed that transactional leadership style exist at their enterprise and 33.2% of the respondents strongly disagreed. Concerning whether democratic leadership style exists at the enterprises, 58.5% of the participants which represents the majority strongly agreed that democratic leadership style exist and 41.5% of the remaining respondents strongly disagreed. It is examined from Table 4 that, 75% of the participants strongly agreed that laissez-faire leadership and autocratic leadership exist at their enterprise with 25% of the participant also disagreeing to this fact. This explains that, several leadership styles are exhibited by the SME's managers in the Metropolis.

Table 5: Factors that Motivate Employee's Behaviour at the Workplace among the SMEs

Variables	Strongly agree %	Neutral %	Strongly Disagree %	Disagree %
Planning and controlling ability	65.1 (133)	18.1 (37)	10 (21)	6.8 (14)
Role model	68.3 (140)	16.6 (34)	11.7 (24)	3.4 (7)
Self-confidence	65 (133)	13.3 (27)	11.7 (24)	10 (21)
Age	70.2 (144)	15.2 (31)	8.3 (17)	6.3 (13)
Rewarding achievement	76 (156)	18 (36)	4 (9)	2 (4)
Influence by subordinates	78.3 (161)	11.7 (24)	5 (10)	5 (10)

Source: Author (2025)

Table 5 present the factors that motivate employee's behaviour at the workplace among the SMEs. The study discovered that over 60% of the participant strongly agreed that planning and controlling ability, role model, self-confidence, age, rewarding achievement and influence by subordinates are the factors that motivate employees of the SMEs in the Metropolis.

Table 6: Benefits Derived by Employees from the Effective Leadership Styles Exhibited by the Managers of the SMEs

Variables	Strongly Agree %	Agree %	Strongly Disagree %
I like the job that I do	50 (103)	33.3 (68)	16.7 (34)
I feel secure that I will be able to work for the company as long as I do a good job	66.8 (137)	16.6 (34)	16.6 (34)
I have an annual set of performance standards	33.3 (68)	50 (103)	16.7 (34)
I receive regular job performance feedback	50 (103)	16.7 (34)	33.3 (68)

I believe there is fairness in the way my performance is assessed	50 (103)	16.7 (34)	33.3 (68)
I have opportunities to advance in my line of function	41.7 (86)	25 (51)	33.3 (68)

Source: Author (2025)

Table 6 demonstrates participants' response on the benefits obtained by employees on the effective leadership styles exhibited by the managers of the SMEs in the Cape Coast Metropolis. With regards to the results obtained, it is evident that 50% of the respondents strongly agreed that, they like their job, receive regular job performance feedback, there is fairness in the way their performance is assessed and 33% also agreed that they have an annual set of performance standards. It can also be discovered from the results 66.8% of the participant strongly agreed that, they feel secure that they will be able to work for the company so far as they do their job well. 41.7% of the participant strongly agreed that they have opportunities to advance in their line of function.

Discussion

Leadership Behaviors Exhibited by SME Operators in the Cape Coast Metropolis

In the quest to know the leadership styles exhibited by SME operators in the Cape Coast Metropolis, it was emphasis from the study that, majority (over 50%) of the respondents strongly agreed that transformational leadership style, transactional leadership style, democratic leadership style, laissez-faire leadership style and autocratic leadership style are some of the leadership styles exhibited by SME operators in the Cape Coast Metropolis. This is consistent to the study of Mohiuddin (2017) who discovered that, the different leadership styles exhibited by the managers of the firms are autocratic, democratic, transformational, transactional, and participative leadership styles. In a similar study, Dastane (2020) also found out that, transformational leadership, Laissez-Faire leadership, democratic leadership and autocratic leadership styles were the types of leadership styles used by the managers in their daily operations. In a similar study, Njiru (2022) explained that transactional, transformational, laissez-faire and succession planning were the leadership styles used in the private telecommunications firms in Nairobi County, Kenya.

Factors that Motivate Employee's Behaviour at the Workplace among the SMEs in the Cape Coast Metropolis

In assessing the factors that motivate employee's behaviour at the workplace, it was discovered from the study that, over 60% of the respondents which represent the majority strongly agreed that planning and controlling ability, role model, self-confidence, age, rewarding achievement and influence by subordinates are the factors that motivate employee's behaviour at the workplace among the SMEs. The findings from Le et al. (2021) explained that, to increase employee motivation, organization should take into account the following factors: making sure that the compensation is proportional with the work and contributions of employees, making sure that the salary policy is equitable, and creating programs for sharing life's challenges. In addition, the results from Rahaman et al. (2020) indicated that, the most important and significant motivating factors for employees have been job security, opportunities for professional growth and promotion, and a high-quality work environment. The study of Khan et al. (2017) also provided factors like rewards, acknowledgement, empowerment, and work environment as the contributing components to higher levels of employee motivation in the firm.

Benefits Derived by Employees from the Effective Leadership Styles Exhibited by the Managers of the SMEs in the Cape Coast Metropolis

With respect to benefits obtained by employees on the effective leadership styles exhibited by the managers, the study found out that; respondents strongly agreed that they liked their job, received regular job performance feedback and also believed there is fairness in the way their performance is assessed, had an annual set of performance standards, felt secured that they would be able to work for the enterprise as long as they do their job well, and also had opportunities to advance in their line of function. The study on of Nicolaides & Duho (2019) specified that, employees benefit from the role model moral behavior and virtue as a result of effective leadership. Leaders also utilize ethical ideals to guide the conduct of employees to achieve the organizational strategic goals. The findings from Faluyi & Mboga (2025) also demonstrated that, employees benefit from the emotional intelligence, clear communication and strong leadership that are exhibited by effective leadership despite the complex corporate environment of the 21st century.

Conclusions

This research examines the role of effective leadership on the employees of small and medium enterprises in the Cape Coast Metropolis of Ghana. It can be concluded from the findings that transformational, transactional, democratic, laissez-faire and autocratic are the leadership style exhibited by the managers of the SMEs. Secondly, planning and controlling ability, role model, self-confidence, age, rewarding achievement and influence by subordinates are the factors that motivate employee's behaviour at the workplace. Finally, the third objective found out that the benefits employees derive as a result of effective leadership are; they liked their job, received regular job performance feedback and also believed there is fairness in the way their performance is assessed, had an annual set of performance standards, felt secured that they would be able to work for the enterprise and also had opportunities to advance in their line of function.

In small and medium-sized businesses (SMEs), effective leadership is essential to motivate employee to put in their best. It is recommended from the finding that, Leaders should create an environment to recognize staff engagement, retention, productivity, motivate, communicate clearly and create a great work environment. Leaders have the ability to foster an atmosphere where every employee feels appreciated. By praising and recognizing accomplishments, offering chances for professional growth, and encouraging work-life balance, leaders of the SMEs can encourage employees to increase productivity in the daily operations. In addition, effective leaders should inspire their employees to put in more effort by giving them a sense of value and purpose. Effective leaders must support the professional development of their employees by offering opportunities for advancement, mentoring, and direction. Finally, is recommended that SME operators should formulate polices that will encourage and empower employees to be part owner of the organization. In facilitating this course, employees will have a sense of belonging to enhance commitment in the daily operation of the organization.

Implications of the Study

This study contributes to literature by providing new findings, perspectives and ideas that will expand the role of effective leadership on the employees of SMEs in the Cape Coast Metropolis of Ghana. Practically, this study will enhance the leadership role in motivating employee to put in their best which will increase the growth of the firm and this will eventually improve the economic growth and development in the Metropolis. It is also important that behaviors of leaders in an organization must always have great influence on the employee in several ways. However, employee's values, attitudes and leadership styles play a crucial role in enhancing employee productivity, and these can be carefully adjusted to enhance employee commitment to work. It is hoped that, this research study will be beneficial for the leaders of the SMEs and other agencies such as the National Board for Small Scale Industries (NBSSI) in Ghana to

develop measures to improve the employees' commitment among the SMEs in the country. The findings of the study will serve as a source of reference for policy makers to come out with programs to educate management of SMEs and develop effective leadership role among the SMEs.

Limitations and Future Research

The study was limited to SME's in the Cape Coast Metropolis so further research could expand the study focus on other district and Metropolis as well as other institutions, such as the government or private sectors in the country. Additionally, this research was also limited to descriptive studies so future study can be conducted to examine the impact of leadership on the performance of employees among the SMEs.

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