

Emotional Intelligence and Employee Performance in Ghanaian SMES: The role of Job Satisfaction and Transformational Leadership

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Abstract

The study explores the impact of Emotional Intelligence on Employee Performance among Ghanaian Small and Medium-sized Enterprises (SMEs) with the moderating role of Job Satisfaction and Transformational Leadership. The study adopted a quantitative research approach with an explanatory cross-sectional design, using a structured questionnaire to collect data. A sample of 590 respondents was surveyed, with 530 valid responses obtained. Data were analyzed using Partial Least Squares Structural Equation Modelling. The findings reveal that both Emotional Intelligence and Job Satisfaction have a positive and statistically significant effect on Employee Performance, confirming that employees with higher emotional intelligence and greater job satisfaction tend to perform better. However, the study also found that the interaction between Emotional Intelligence and Job Satisfaction and Emotional Intelligence and Transformational Leadership did not significantly increase

employee performance. Based on these findings, the study recommends that SMEs invest their time and resources in emotional intelligence development programs and focus on providing job satisfaction to improve performance. In conclusion, although Emotional Intelligence, Job Satisfaction, and Transformational Leadership are important contributors to employee performance, their interaction does not necessarily lead to better outcomes, highlighting the need for a more nuanced approach to performance management in SMEs.

Keyword: emotional intelligence, job satisfaction, transformational leadership, employee performance, organizational behaviour, workplace motivation

1. Introduction

Employee performance is undoubtedly one of the mainstays of organizational success and has a direct impact on productivity, profitability, and organizational competitiveness. In the modern competitive business world, organizations are under ever-growing pressure to maximize the performance of their employees, particularly in industries where human capital is believed to be the best asset (Abebe & Singh, 2023). As businesses confront increasing complexity and change, traditional methods of performance management, which mainly focus on simple output measurements or financial incentives, are no longer adequate to produce the nuanced behaviors that are required in order to achieve long-term success (Lee et al., 2023; Kumar et al., 2025). A more sophisticated and holistic approach to performance management is needed, one that considers psychological and emotional factors that affect the behavior of employees. Emotional intelligence (EI), which is the propensity to acknowledge, comprehend and manage one's emotions and those of others, has appeared as a vital determinant of enhancing both individual and organizational performance outcomes (Abebe & Singh, 2023). EI improves several workplace dynamics, from leadership effectiveness to team collaboration, to conflict resolution, and decision-making. Studies have shown that employees with a high EI tend to perform better in their jobs, make more effective contributions to team efforts, and create positive organizational climates (Rodrigues et al., 2024; Nofiyanti et al., 2025; Indrio & Herachwati, 2024). This growing recognition of EI's significant impact on organizational outcomes has led researchers and practitioners to explore its potential in driving performance improvements across various contexts. However, despite the mounting evidence of its importance, the relationship between EI and employee performance remains underexplored in certain organizational settings, particularly within SMEs in emerging economies, such as Ghana.

SMEs are vital to the economic development of emerging economies like Ghana, where they contribute significantly to both national GDP and employment levels. In Ghana, SMEs represent the backbone of the economy, generating over 70% of total employment and making substantial contributions to wealth generation (Dartey-Baah et al., 2024). Despite their central role in driving economic growth, SMEs in Ghana face a unique set of challenges that hinder their ability to optimize employee performance. Key among these challenges is limited access to financial resources, which constrains SMEs' ability to invest in performance-enhancing strategies, such as employee development programs, modern technology, and adequate infrastructure (Gyapomaa, 2019; Fianko et al., 2024). Furthermore,

the shortage of skilled labour exacerbates these challenges, as many SMEs are unable to attract or retain the talent required to drive higher levels of productivity (Gyekye, 2019; Lartey, 2018). Compounding these issues, many Ghanaian SMEs operate with informal management structures, which are often characterized by weak leadership, poorly defined organizational roles, and the absence of formal human resource practices (Dartey-Baah et al., 2024). This lack of formalized management systems limits the effectiveness of leadership and hinders the development of employee engagement and motivation strategies that are critical for performance improvement. As a result, these businesses experience high employee turnover, low morale, and workforce instability, which ultimately undermine efforts to enhance employee performance. Given the structural and operational challenges facing SMEs in Ghana, the application of emotional intelligence presents a promising solution. EI has been shown to improve leadership effectiveness, enhance team dynamics, and foster a positive work environment that supports employee engagement and performance (Acheampong et al., 2023). By understanding how EI can influence employee performance within this specific context, this study aims to provide actionable insights that can help Ghanaian SMEs overcome their challenges and foster a high-performance culture that drives long-term success.

However, despite the widespread acknowledgement of emotional intelligence's importance in the workplace, significant gaps persist in the existing literature, particularly regarding its application within SMEs in Ghana. First, studies examining the relationship between EI and employee performance have produced inconsistent and inconclusive results. While some research suggests a strong positive relationship between EI and performance outcomes (Abebe & Singh, 2023; Rodrigues et al., 2024), other studies indicate that this relationship is weaker or context-dependent, with performance varying based on factors such as leadership style, organizational culture, and job satisfaction (Cronley & Kim, 2017; Coronado-Maldonado & Ben íez-M áquez, 2023). This inconsistency arises largely due to the overemphasis on direct-effect models that fail to account for moderating variables, such as job satisfaction and leadership style, which may significantly influence the EI-performance relationship (Nofiyanti et al., 2025; Indrio & Herachwati, 2024). The failure to integrate these moderating factors has resulted in a gap in the literature, as existing studies do not capture the complex interplay between EI and other key organizational variables, thus offering an incomplete understanding of how EI impacts employee performance. This has created a gap that limits the application of EI theories to real-world organizational challenges, leaving questions about how contextual factors shape this relationship unanswered. Additionally, much of the existing research on EI has been conducted in developed economies, and little attention has been paid to SMEs in Ghana, where unique challenges may shape the EI-performance relationship differently from Western contexts (Rodrigues et al., 2024; Shafi et al., 2020). This represents a critical issue in the literature. Furthermore, many existing studies treat EI as a standalone factor, failing to consider the interaction of other moderating variables, such as job satisfaction and leadership style, with EI (Lee et al., 2023). This omission contributes to the gap, limiting our understanding of how these variables influence the EI-performance relationship in specific settings like SMEs in Ghana. As a result, the existing literature fails to provide a comprehensive framework for understanding how EI, job

satisfaction, and leadership interact to influence performance outcomes in resource-constrained environments. This study sought to address these research questions (RQs).

RQ1: How Emotional Intelligence Affects Employee Performance

RQ2: Does Job Satisfaction Influence the Relationship Between Emotional Intelligence and Employee Performance?

RQ3: Does Transformational Leadership Influence the Relationship Between Emotional Intelligence and Employee Performance?

By addressing these questions, this study makes a significant contribution to the literature by offering a comprehensive understanding of the relationship between EI and employee performance. It goes beyond traditional direct-effect models by incorporating job satisfaction and transformational leadership as moderating variables, thus providing a more nuanced view of how EI influences performance. Additionally, the study focuses on Ghanaian SMEs, a context that has been underexplored, and offers valuable insights into EI's impact within resource-constrained environments. The findings provide practical recommendations for improving HR practices, leadership development, and employee engagement strategies in similar emerging economies.

The rest of the paper is organized as follows. The relevant theoretical and empirical literature is reviewed in the next section, followed by the methodology. The next section introduces and discusses the empirical results, and the final section summarizes its findings with policy implications and future research directions.

2. Literature Review

2.1 Theoretical Background of the Study

This study is grounded in the Social-Emotional Learning Theory (SEL), proposed by Goleman in 1995, which emphasizes the role of EI in influencing individual behavior and performance. SEL theory argues that EI, consisting of self-awareness, self-regulation, social awareness, and relationship management, is crucial for managing emotions and enhancing interpersonal interactions. The theory posits that individuals who possess high EI are better equipped to navigate the complexities of work environments, build stronger relationships, and perform effectively within teams (Lee et al., 2023; Asada et al., 2021). According to this theory, EI not only improve individual emotional management but also promotes better teamwork and leadership, which are essential components of employee performance. The SEL theory suggests that EI has a direct impact on individual behavior and performance, but it also advocates for the importance of contextual factors such as job satisfaction and leadership in shaping these outcomes (Nofiyanti et al., 2025; Acheampong et al., 2023). This theory provides a robust foundation for understanding how EI contributes to performance, especially in organizational settings, such as SMEs, where informal structures and dynamic team interactions are prevalent. While SEL theory has been influential in understanding EI's impact on behavior, it has faced criticisms, particularly regarding its broad conceptualization

and lack of a clear, standardized model for measurement. Cronley and Kim (2017) argue that SEL theory's components are too vague and that its application across diverse settings lacks empirical support. Furthermore, some argue that SEL theory's focus on individual emotional competencies overlooks the external, situational factors that also shape employee performance (Rodrigues et al., 2024). This criticism has led to an overemphasis on direct effects without considering how other organizational variables, such as job satisfaction and leadership style, moderate the EI-performance relationship. By integrating moderating variables like job satisfaction and transformational leadership, this study addresses these criticisms, offering a more comprehensive and contextual understanding of EI's role in employee performance. Rather than treating EI as a standalone variable, the study considers the complex interplay between EI and organizational factors, which provides a more refined and practical application of SEL theory in the context of Ghanaian SMEs.

The relevance of SEL theory to this study is evident in its ability to illuminate how emotional intelligence contributes to employee performance, particularly in SMEs. SEL theory underscores the importance of emotional competencies in leadership and interpersonal relations, both of which are key in driving performance in resource-constrained environments (Shafi et al., 2020). In the context of Ghanaian SMEs, where leadership structures are often informal and resources are limited, SEL theory provides a valuable lens through which to understand the potential of EI in overcoming performance barriers. By focusing on how EI interacts with moderating variables like job satisfaction and transformational leadership, this study builds on SEL theory, extending its applicability to SMEs in emerging economies. The theory's emphasis on self-awareness, social skills, and leadership effectiveness aligns well with the challenges faced by SMEs in Ghana, where high employee turnover, weak leadership, and workforce instability are common. Thus, SEL theory offers a relevant and practical framework for understanding how EI can enhance employee performance in these unique organizational settings, making it a cornerstone for this study's exploration of EI's impact on SMEs in Ghana.

2.2 Empirical Review and Gaps Identified

The relationship between EI and employee performance has been widely studied, with a substantial body of evidence supporting EI as a key determinant of organizational outcomes. Goleman (1995) first proposed the concept of EI and argued that it influences individual effectiveness in leadership, decision-making, and interpersonal relationships. Subsequent studies have confirmed the positive impact of EI on employee performance in various organizational settings. For instance, Abebe and Singh (2023) found that EI contributes to higher levels of job satisfaction, which, in turn, enhances overall performance outcomes. Their study underscores the significance of EI in fostering better employee engagement and productivity, particularly in service-oriented roles where emotional regulation and interpersonal skills are paramount. Again, Rodrigues et al. (2024) also highlight the role of EI in enhancing job satisfaction and performance outcomes, emphasizing that employees with higher EI are more likely to remain engaged and perform effectively in their roles. Despite these positive findings, the literature has not been entirely consistent. For example, Coronado-Maldonado and Ben íez-M áquez (2023) conducted a meta-analysis and found that

the relationship between EI and performance varies depending on the context and type of performance measured. In particular, while EI has shown strong correlations with performance in leadership and team collaboration, its impact on more technical or task-oriented roles remains inconclusive. This inconsistency points to a need for more nuanced models that consider moderating factors, such as job satisfaction and leadership style, that may shape the relationship between EI and employee performance.

While most of the research on EI has been in developed economies, there is a significant gap in knowledge on the influences of EI on employees' performance in SMEs, especially in developing economies such as Ghana. SMEs in Ghana constitute a large fraction of the economy, accounting for more than 70% of employment (Dartey-Baah et al., 2024), but usually occur in informal management structures and resource-constrained environments. Despite the critical role they play in economic development, these businesses are faced with unique challenges, such as high turnover rates, limited access to financial resources, and poorly defined leadership practices (Indrio & Herachwati, 2024). These challenges could affect the use of EI and its impact on employee performance. For example, Rodrigues et al. (2024) propose that despite the fact that the benefits of EI are well documented in Western contexts, African SMEs have not been well studied in terms of this. Research in relation to the impact of EI in these environments is limited, and what research exists tends to treat EI as a standalone factor without considering the interaction with other moderating variables (Nofiyanti et al., 2025; Lee et al., 2023). This is a considerable oversight as job satisfaction and leadership style are likely to moderate the relationship between EI and performance outcomes, especially in SMEs where the leadership is often less formal and job satisfaction can vary due to resource constraints (Shafi et al., 2020). Additionally, transformational leadership has been shown to boost the influence of EI on the performance of employees, indicating that leadership style is an important moderator in such a relationship (Lee et al., 2023). Transformational leaders who are able to inspire and motivate employees may increase the effectiveness of EI and, hence, the need to examine these moderating variables to fully understand how EI influences performance within Ghanaian SMEs. This research is therefore aimed at bridging this gap by analyzing the impact of job satisfaction and transformational leadership on the relationship between EI and performance in the context of Ghanaian SMEs.

Despite the wealth of literature on emotional intelligence and its association with employee performance, there are some significant gaps in the literature, especially with respect to the influences of moderating variables, such as job satisfaction and leadership style, on this relationship. Much of the extant research has focused on direct-effect models and often overlooks the role of contextual and organizational factors that can have a significant impact on the effects of EI on performance. For example, Nofiyanti et al. (2025) have identified this problem, as it has been suggested that the link between EI and performance might be weaker or stronger depending on other factors such as leadership style, organizational culture, and individual job satisfaction. This limitation in existing studies has led to a conceptual gap, since it does not fully grasp the complexity of the EI-performance relationship. In particular, transformational leadership, which has been found to motivate and inspire employees, could

act as a moderating factor, enhancing the positive effects of EI on performance (Shafi et al., 2020). Similarly, job satisfaction is important in improving employee engagement and motivation, which in turn improves performance outcomes (Rodrigues et al., 2024). The lack of consideration of these variables in examining the role of EI on performance leads to limited knowledge about how EI functions in various organizational settings. Further, there is a paucity of studies that have been conducted in developing economies, and more specifically, on SMEs in Ghana. The context of challenges encountered by Ghanaian SMEs, such as resource limitation and informal management structure, calls for a more comprehensive and context-specific study of EI (Lee et al., 2023; Kumar et al., 2025). This study aims to address these gaps by incorporating job satisfaction and transformational leadership in the analysis to give a more nuanced understanding of how EI affects the performance of employees in the Ghanaian SMEs. By considering these moderating factors, this study contributes to the literature, considering both theoretical and practical contributions to the understanding of EI in resource-constrained organizational settings.

2.3 Hypothesis Development

2.3.1 Emotional Intelligence and Employee Performance

The relationship between EI and the performance of employees is widely known as an important field of study in organizational behavior. Emotional intelligence, which includes the capacity to perceive, understand, manage and regulate one's own emotions and those of others, plays a pivotal role in determining how people relate to their work environment and colleagues (Nofiyanti et al., 2025). In the workplace, employees who have high EI display high levels of emotional regulation, self-awareness, and social skills, which are important for dealing with stress, coping with change, and sustaining positive relationships (Lee et al., 2023; Asada et al., 2021). These capabilities help employees manage interpersonal conflicts, work together as part of a team, and deal with challenging situations in a better manner and contribute directly to better performance outcomes. EI also makes a person a more effective leader, as leaders who are high in EI can inspire and motivate their teams, manage organizational change, and resolve conflicts with empathy and understanding (Lee et al., 2023). Furthermore, emotionally intelligent employees are more capable of handling work-related pressures, which results in greater resilience, improved decision-making, and a proactive problem-solving approach (Rodrigues et al., 2024). Research has shown that employees who are able to manage their emotions and understand the emotional states of others are better able to perform in roles that require a high level of interpersonal interaction, such as customer service, teamwork, and leadership roles (Shafi et al., 2020). Beyond that, EI also aids in creating a positive work environment, resulting in increased job satisfaction, engagement and motivation, which are key drivers of employee performance (Abebe & Singh, 2023). Therefore, it is hypothesized that

H1: Emotional intelligence positively affects employee performance

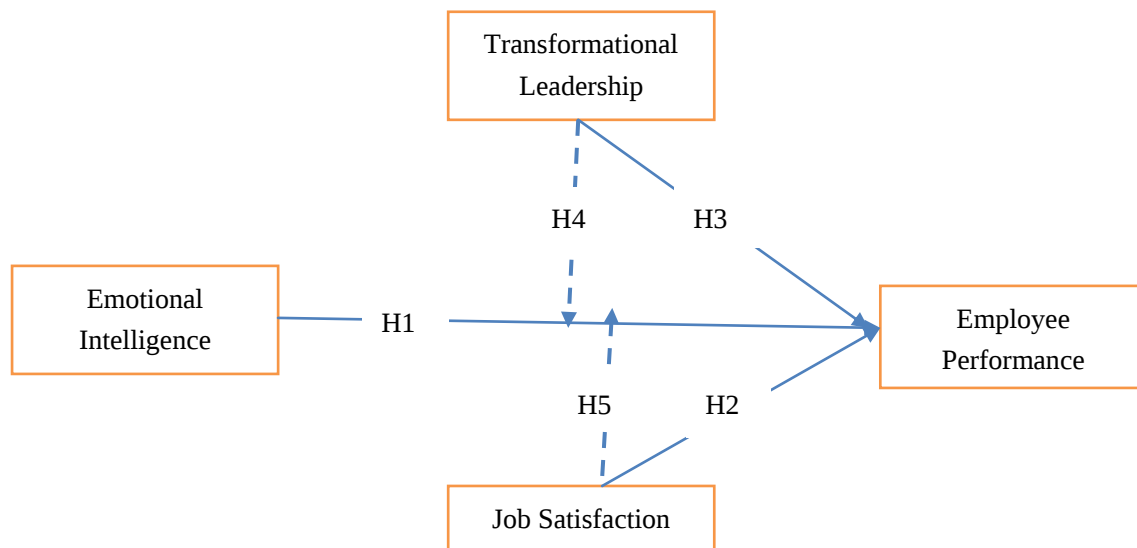


Figure 1. Conceptual Framework

Source: Author Design (2026)

2.3.2 Job Satisfaction and Employee Performance

Job satisfaction has been recognized for a long time as a key determinant of employee performance in a variety of organizational situations. Job satisfaction is the degree of contentment employees have with their jobs, work environment, and rewards for their work efforts (Indrio & Herachwati, 2024). Satisfied employees are generally more engaged, motivated, and committed to their work, which leads to higher levels of productivity and better overall performance outcomes (Rodrigues et al., 2024). When employees are satisfied with their jobs, they are more likely to put more effort into their tasks, to show more enthusiasm, and to exhibit organizational citizenship behaviors such as helping their colleagues and supporting organizational goals (Abebe & Singh, 2023). Conversely, dissatisfaction may give rise to disengagement, low morale, and increased turnover, which adversely affect organizational effectiveness (Shafi et al., 2020). Research has revealed that there are a number of factors that contribute to job satisfaction, and these include recognition, compensation, career advancement opportunities, and a supportive work environment. When employees feel that their efforts are valued and their needs are met, they are more likely to work to their best (Indrio & Herachwati, 2024). Additionally, job satisfaction also improves the emotional well-being of employees and prevents stress, which in turn can lead to improved cognitive and physical performance (Rodrigues et al., 2024). As the employees feel satisfied with the jobs they are doing, they develop a sense of ownership and accountability, which motivates them to meet or exceed performance expectations. Given the strong connection between job satisfaction and performance, it is hypothesised that:

H2: Job satisfaction positively influences employee performance

2.3.3 Transformational Leadership and Employee Performance

Transformational leadership has been widely recognized as an important factor in influencing employee performance, especially in organizations that require innovation, flexibility, and collaboration as a team. Transformational leaders are inspirational and motivational in their leadership, and they create a compelling vision for their employees, which motivates them and gives them a sense of purpose, and encourages their personal development (Lee et al., 2023; Asada et al., 2021). This style of leadership has four main components, including idealized influence, motivational, inspirational, intellectual, and individualized consideration (Shafi et al., 2020). By demonstrating these behaviors, transformational leaders foster trust, respect, and loyalty among their followers, which results in elevated levels of employee engagement, job satisfaction, and performance. Employees under transformational leadership experience greater empowerment and are more likely to surpass performance expectations because they are working towards aligning their goals with the vision of the leader (Lee et al., 2023). Research has shown that transformational leaders not only improve the intrinsic motivation of their employees but also encourage them to think creatively, solve problems independently, and take initiative, all of which contribute to improved performance outcomes (Rodrigues et al., 2024). Moreover, transformational leadership promotes a positive organizational culture, involving open communication, collaboration, and ongoing learning. Employees in such environments are more committed to their jobs, have higher job satisfaction, and exhibit organizational citizenship behaviors (Abebe & Singh, 2023). Given the impact of transformational leadership on employee performance, it is hypothesized that:

H3: Transformational leadership positively influences employee performance.

2.3.4 Moderating Role of Transformational Leadership and Job Satisfaction

The moderating effect of transformational leadership and job satisfaction in the association between emotional intelligence and employee performance has an important role to play in understanding the effect of EI on workplace outcomes in a comprehensive way. Transformational leadership has been known to have a significant influence on employee motivation, engagement and performance since it provides employees with the power to act by providing them with a clear vision and providing them with a supportive dynamic work environment (Shafi et al 2020; Abebe & Singh, 2023). Leaders using this leadership style encourage their team to go above and beyond, and develop greater levels of commitment and enthusiasm. When transformational leadership is coupled with a high level of emotional intelligence, it fosters a setting in which employees feel emotionally supported and motivated, thereby leading to improved performance outcomes (Lee et al., 2023). The capacity of transformational leaders to understand and manage the emotions of their team members can further improve the effectiveness of EI in driving performance by ensuring that the emotional needs of employees are met, and their potential is fully realized (Abebe & Singh, 2023). Job satisfaction, on the other hand, is of paramount importance as it directly influences the motivation, engagement, and overall performance of employees (Rodrigues et al., 2024). Employees who are satisfied with their jobs are more likely to be motivated to do a good job and go above and beyond the minimum expectations (Rodrigues et al., 2024; Nofiyanti et al.,

2025; Indrio & Herachwati, 2024). The level of satisfaction that an employee gets from the jobs they do and their work environment is a large moderator of the effect of EI on performance. When job satisfaction is high, employees are more engaged and better able to use their emotional intelligence to overcome challenges, work collaboratively and contribute to the achievement of organizational goals. In this context, it is hypothesized that:

H4: Transformational leadership positively moderates the relationship between emotional intelligence and employee performance.

H5: Job satisfaction positively moderates the relationship between emotional intelligence and employee performance

3. Methodology

This study adopts a quantitative research approach with an explanatory cross-sectional design. The quantitative approach is suitable as the study aims to test the relationships between observable variables and estimate the magnitude and direction of their effects, using statistical techniques to analyze the data (Mardi et al., 2025). An explanatory design is employed to go beyond simple description and provide empirical explanations for how EI, job satisfaction, and transformational leadership contribute to employee performance, consistent with the conceptual framework of leadership and motivation theories (Rodrigues et al., 2024). The cross-sectional design is appropriate for gathering data from a large sample of employees at one point in time, allowing for the exploration of the variations in EI, leadership styles, and job satisfaction, and their impact on performance outcomes across SMEs operating under similar organizational and institutional conditions (Bryman, 2016). This design is particularly well-suited for research in SMEs, where longitudinal data is often difficult to obtain, and organizations operate in dynamic but resource-constrained environments (Tagoe & Quarshie, 2017). By using an explanatory orientation and cross-sectional structure, the study empirically tests the hypothesized relationships between the variables, while maintaining methodological efficiency and analytical rigor in the context of Ghanaian SMEs.

3.1 Population and Sample

The target population for this study consists of employees working in SMEs in Ghana. This population is appropriate as the focus of the study is on understanding the impact of emotional intelligence on employee performance in SMEs, with particular emphasis on the moderating effects of job satisfaction and transformational leadership. Given that SMEs are a key part of Ghana's economy, contributing to a significant portion of employment and GDP (Dartey-Baah et al., 2024), studying this population allows for a deeper understanding of the challenges and dynamics specific to these enterprises. The nature of the SME sector in Ghana is diverse, with a wide variety of organizational structures and leadership practices, but no centralized or comprehensive sampling frame for SMEs exists at the national level. In such settings, previous research suggests the use of statistically adequate sample sizes to ensure representativeness and external validity (Kumar et al., 2025). The minimum sample size for this study was calculated using Cochran's (1977) formula for large populations:

$$= \frac{Z^2 p(1-p)}{e^2}$$

where $Z = 1.96$ represents a 95% confidence level, $p = 0.5$ reflects maximum variability in the population, and $e = 0.05$ denotes the acceptable margin of error.

$$n_0 = \frac{1.96^2(0.5)(1-0.5)}{0.005^2}$$

$$n_0 = 384$$

This calculation indicated that a sample size of 384 respondents was sufficient for generalization in survey-based research. However, to account for potential non-responses, incomplete surveys, and to increase the statistical power of the study, the sample size was increased to 590 respondents, which was deemed appropriate for multivariate analysis, particularly for the PLS-SEM method used in this study (Hair et al., 2019). The larger sample size helped ensure robust and reliable results, especially when testing complex relationships between variables. A multi-stage sampling technique was employed to ensure both relevance and feasibility. In the first stage, areas and market centers with a high concentration of SMEs in Ghana were purposively selected to capture active participation, as these areas are known for their vibrant entrepreneurial activities. In the second stage, a combination of systematic and convenience sampling methods was used to select managers and owners within these SMEs who had been employed for at least one year. This criterion was critical as it ensured that respondents had sufficient exposure and experience within their organizations to provide valuable insights into the impact of emotional intelligence, job satisfaction, and transformational leadership on performance outcomes. The focus on managers and owners was particularly relevant, as they are in positions to make decisions and influence organizational outcomes, making their perspectives crucial for understanding the factors that drive employee performance. Of the 590 responses, 530 were returned as valid and usable, providing a robust sample for analysis. This approach aligned with established practices in organizational behavior research, which emphasized the importance of context-specific representative samples in understanding employee performance (Rodrigues et al., 2024).

3.2 Variable Measurement

The variables in this study were measured using an already established scale that has been either adapted or adopted from previous research in order to ensure validity and reliability. Emotional intelligence was measured using the Emotional Intelligence Scale developed by Goleman (1995), which measures self-awareness, self-regulation, social awareness and relationship management. This scale has been extensively used in organizational behavior research and has shown good psychometric properties in different contexts (Lee et al., 2023). Job satisfaction was measured through the Job Satisfaction Survey, which was modified from

Spector's (1985) scale. The Job Satisfaction is a well-known tool to assess a variety of aspects of job satisfaction, such as pay, promotion options, and relationships with coworkers. This scale has been widely validated in various organizational settings (Rodrigues et al., 2024). Transformational leadership was measured by the Transformational Leadership Inventory, which was developed by Bass (1990). The Transformational Leadership Inventory has been utilized in many studies to capture the power that transformational leaders have on organizational outcomes (Shafi et al., 2020). Finally, the employee performance was assessed using a self-reported measure based on the established criteria for measuring individual and team performance with modifications based on the existing literature about performance measures in SMEs (Indrio & Herachwati, 2024).

3.3 Data Collection Instrument and Procedure

Primary data for this study were collected using a structured questionnaire, which was administered to employees in SMEs in Ghana. The questionnaire was designed to capture different aspects of EI, job satisfaction, transformational leadership and employee performance. It was split into different parts in order to reduce the respondent's fatigue and measurement error, with each part focusing on one of the most important variables of the study. This structure is consistent with the best practices in survey-based research for improved clarity and for ensuring that all of the data are collected (Hair et al., 2019; Bryman, 2016). Before the full-scale data collection, the questionnaire was pretested on a small sample of the population to be surveyed to assess the clarity, relevance, and reliability of the instrument, with minor modifications made based on feedback. Data collection was implemented through face-to-face interviews, and the interviews were conducted by trained research assistants. This approach was selected because of the possible effects of literacy levels on self-administered surveys and the additional advantage of improving the accuracy rate and response completion rates within the SME context (Mardi et al., 2025; Hair et al., 2019). Participation in the study was voluntary, confidentiality was guaranteed, and informed consent was obtained from the participants, following the ethical guidelines for research. Given that this study was conducted based on data collected from a single source, procedural and statistical measures were taken to reduce possible effects of common method bias (CMB) and social desirability bias. In procedural terms, respondents were informed of their anonymity and confidentiality, questions were neutrally worded, and placement of predictor and criterion constructs was randomized to prevent respondents from inferring hypothesized relationships (Podsakoff et al., 2003; Bryman, 2016). Statistically, the marker variable technique was used to look for any possible CMB, in which a theoretically unrelated marker variable was included in the model. The results revealed no significant common method variance, which ensured that CMB did not jeopardize the validity of the study's findings. This approach is regarded as being more rigorous and reliable than other methods, for example, Harman's single-factor test, particularly in Structural Equation Modelling-based research (Podsakoff et al., 2012; Hair et al., 2019).

3.4 Data Analysis Techniques

Data analysis in this study was carried out in two phases to get a thorough evaluation of the

hypothesized relationships among the variables. First, descriptive statistics were employed to summarize the demographic characteristics of the respondents and get a first insight into the distribution, central tendency and variability of the study variables. This step helped to facilitate preliminary interpretation and data screening to ensure that the data were clean and ready for further analysis (Bryman, 2016). Second, PLS-SEM was used to test the hypothesized relationships between the study variables. PLS-SEM was deliberately selected because it applies to both predictive and explanatory research, as well as complex models with more latent constructs, and it is robust to non-normal data distributions, which are usually common in social science research and more so in SME research culture (Hair et al., 2022). Additionally, PLS-SEM is relatively well-suited to relatively large samples and is especially suited to theory extension, as opposed to strict confirmation, which is aligned with the goals of the present study to explore the moderating roles of job satisfaction and transformational leadership in the EI-performance relationship (Hair et al., 2019). The analysis was conducted using a two-step approach. First, the measurement model was evaluated in terms of internal consistency reliability, convergent validity, and discriminant validity to ensure the adequacy of the constructs. This was followed by the evaluation of the structural model, where path coefficients were estimated, their statistical significance was tested, and coefficients of determination (R^2) and predictive relevance (Q^2) were calculated to assess the explanatory and predictive power of the model (Hair et al., 2019).

4. Results

The respondent characteristics revealed a diverse sample of employees across various demographics and organizational positions. A total of 530 respondents were included, 300 of them were males, who account for 56.6% of the total, and 230 were females, who represent 43.4%. In terms of age, most of the respondents were 20-29 years old, comprising 150 respondents or 28.3%, closely followed by 30-39 years old and 40-49 years old, representing 120 respondents or 22.6%. Additionally, 90 respondents, or 17.0%, were aged 50 years and above, while 50 respondents or 9.4%, were below 20 years. As related to education level, the majority of the respondents had graduated with a Bachelor's degree, with 160 participants or 30.2%, followed by Diploma with a total of 130 respondents or 24.5%. A considerable number of them had secondary education, with 120 participants or 22.6%, 70 respondents or 13.2% had a postgraduate degree and 50 respondents or 9.4% had basic education. Distribution of organizational positions justifies that 47.2% of the respondents were junior staff, which is 250 respondents, and 28.3% of the respondents were senior staff, which is 150 respondents. Supervisors were responsible for 90 participants, or 17.0%, and owners/managers had 7.6% of 40 respondents. Regarding years of experience, the largest group was the number of people who have 4-6 years of experience, which amounted to 150 respondents or 28.3% and, followed by the number who have 1-3 years of experience, amounting to 120 respondents or 22.6%. Respondents with less than one year of experience accounted for 100 people or 18.9%, 120 people or 22.6% of the respondents had 7-10 years of experience and 40 people or 7.6% with more than 10 years of experience. In terms of SME type, 230 of respondents or 43.4% belonged to medium enterprises, 200 respondents or 37.7% belonged to small enterprises, and 100 respondents or 18.9% belonged to micro

enterprises. For the sector of operation, manufacturing was the category with the largest number of participants, with a total of 180 participants, or 34.0%, followed by trading/commerce with 120 respondents, or 22.6%

Table 1. Respondent Characteristics

Variable	Category	Frequency	Percentage
Gender	Male	300	56.6
	Female	230	43.4
Age Group	Below 20 years	50	9.4
	20–29 years	150	28.3
	30–39 years	120	22.6
	40–49 years	120	22.6
	50 years and above	90	17.0
Level of Education	Basic education	50	9.4
	Secondary education	120	22.6
	Diploma	130	24.5
	Bachelor's degree	160	30.2
	Postgraduate degree	70	13.2
Position in the Organization	Owner/Manager	40	7.6
	Supervisor	90	17.0
	Senior staff	150	28.3
	Junior staff	250	47.2
Years of Experience	Less than 1 year	100	18.9
	1–3 years	120	22.6
	4–6 years	150	28.3
	7–10 years	120	22.6
	More than 10 years	40	7.6
Type of SME	Micro enterprise	100	18.9
	Small enterprise	200	37.7
	Medium enterprise	230	43.4
Sector of Operation	Manufacturing	180	34.0
	Trading/Commerce	120	22.6
	Services	100	18.9
	Agriculture	50	9.4
	Hospitality	60	11.3
	Other	20	3.8
Number of Employees	Less than 5	40	7.6
	5–9	90	17.0
	10–29	150	28.3
	30–99	250	47.2
Ownership Structure	Sole proprietorship	120	22.6
	Partnership	100	18.9
	Family-owned	150	28.3

Location of the SME	business		
	Limited liability company	160	30.2
	Urban	250	47.2
	Peri-urban	150	28.3
	Rural	130	24.5

Source: Field Data (2026)

Services and agriculture had 100 or 18.9% and 50 respondents or 9.4% respectively, while hospitality accounted for 60 respondents or 11.3% and other sectors had 20 respondents or 3.8%. Regarding the number of employees of the SMEs, 47.2% of the total number of employees were between 30-99 or 250 respondents, followed by 28.3% of 10-29 or 150 respondents. The 5-9 employees comprised 17.0%, or 90 respondents, and the fewer than 5 employees comprised 7.6%, or 40 respondents, of SMEs. Ownership structure revealed that 160 respondents, or 30.2%, were from limited liability companies, 150 respondents, or 28.3% were from family-owned businesses, 120 respondents, or 22.6% were from sole proprietorships, and 100 respondents or 18.9%, were from partnerships. Lastly, the location of the SMEs was mostly urban, as it had 250 respondents, or 47.2%, followed by peri-urban locations, with 150 respondents, or 28.3%, and rural locations, with 130 respondents, or 24.5%. These results give a general picture of demographic, organizational, and structural features of the respondents in this study.

4.1 Descriptive Statistics and Correlation Analysis

The result shows that the descriptive statistics of the key variables in this research show a positive perception of emotional intelligence (mean = 3.562, SD = 0.734). Emotional intelligence scores are moderate in nature, reflecting a slight negative skewness of -0.345, which means that most of the data were rated as slightly higher than average. The value of kurtosis is 0.507, which indicates that the distribution is quite normal and there are no complete outliers. Employee performance means score is (mean = 3.778, SD = 0.642), indicating that respondents feel generally good about their performance in their roles. The skewness is 0.127, and the kurtosis is -0.120, suggesting that the distribution is close to normal, with most respondents positively rating their performance.

Table 2. Descriptive Statistics

Variable	Mean	SD	Kurtosis	Skewness
Emotional Intelligence	3.562	0.734	0.507	-0.345
Employee Performance	3.778	0.642	-0.120	-0.127
Job Satisfaction	3.933	0.801	0.072	-0.285
Transformational Leadership	4.110	0.572	-0.305	-0.453

Source: Field Data (2026)

Job satisfaction is reported at a score of (mean = 3.933, SD = 0.801), which suggests a high level of satisfaction among employees. The skewness value of -0.285 and kurtosis of 0.072

indicate that the majority of the people are satisfied with their jobs having a minor skewness towards more satisfied people. Transformational leadership has a score of (mean = 4.110, SD = 0.572), which the respondents perceive as high transformational leadership in their organizations as high transformational. The negative skewness of -0.453 and kurtosis of -0.305 show that the transformational leadership is generally perceived as effective; only a few respondents rate it as less effective.

Table 3. Correlation Results

Variable	EMP	EMI	JS	TL
EMP	1			
EMI	0.602***	1		
JS	0.576**	0.548**	1	
TL	0.513***	0.614***	0.589***	1

Source: Field Data (2026)

The correlation between Employee Performance and Emotional Intelligence has a significant and moderately strong relationship ($r = 0.602$, $p < 0.001$). This implies that an increase in the level of emotional intelligence is related to an increase in the level of employee performance, which suggests that employees who have greater emotional intelligence tend to perform better in their jobs. Similarly, the correlation between Employee Performance and Job Satisfaction is of moderate and significant strength ($r = 0.576$, $p < 0.01$). This implies that employees who are more satisfied with their jobs are likely to perform better, so there is emphasis on the role of job satisfaction in improving overall performance in the workplace. The correlation between Emotional Intelligence and Job Satisfaction is also moderate ($r = 0.548$, $p < 0.01$). This implies that employees with higher emotional intelligence are likely to have higher job satisfaction, implying that EI might have a strong role to play in contributing to a positive job experience due to better emotional management and interpersonal relationships. The correlation between Employee Performance and Transformational Leadership is found to be moderate ($r = 0.513$, $p < 0.001$). This suggests that employees who perceive their leaders as transformational are likely to show better performance, which suggests that transformational leadership has a positive effect on employee performance in that it inspires and motivates employees. Furthermore, both the correlations between Emotional Intelligence and Transformational Leadership ($r = 0.614$, $p < 0.001$) and Job Satisfaction and Transformational Leadership ($r = 0.589$, $p < 0.001$) are moderate to strong correlations. These results suggest that transformational leaders, who tend to be high in emotional intelligence, create positive work environments that create both a higher level of emotional intelligence and job satisfaction among employees, which in turn can lead to higher levels of performance.

4.2 Reliability, Convergent Validity, and Discriminant Validity

The reliability and convergent validity of the constructs of this study were assessed using different measures such as item loading, Cronbach's alpha (CA), composite reliability (CR), average variance extracted (AVE) and variance inflation factor (VIF). The EI construct

showed good reliability and convergent validity. The item loadings ranged between 0.726 and 0.795, which are all above the recommended 0.7 threshold value, indicating that the items had a strong representation of the EI construct. The Cronbach's alpha value for EI was 0.881, while the CR was 0.884, which were greater than the acceptable level of 0.7, indicating high internal consistency (Hair et al., 2019). The AVE for EI was 0.583, which is higher than the recommended value of 0.5 and hence explains a sufficient amount of variance in the items. The VIF values for EI varied between 1.672 and 1.979, which indicated that multicollinearity was not an issue for the EI construct (Hair et al., 2019).

Table 4. Reliability and Convergent Validity

Construct	Items	Loadings	CA	CR	AVE	VIF
Emotional Intelligence	EMI1	0.795	0.881	0.884	0.583	1.964
	EMI2	0.762				1.825
	EMI3	0.726				1.672
	EMI4	0.76				1.776
	EMI5	0.8				1.979
	EMI6	0.74				1.709
	EMI7	0.76				1.809
Employee Performance	EMP1	0.778	0.851	0.855	0.574	1.855
	EMP2	0.804				1.95
	EMP3	0.738				1.625
	EMP5	0.708				1.547
	EMP6	0.762				1.681
	EMP7	0.75				1.703
	EMP7	0.75				1.703
Job Satisfaction	JS1	0.701	0.816	0.858	0.569	1.499
	JS3	0.767				1.552
	JS4	0.715				1.652
	JS6	0.752				1.607
	JS7	0.831				1.646
Transformational Leadership	TL1	0.775	0.877	0.877	0.575	1.913
	TL2	0.74				1.662
	TL3	0.768				1.852
	TL4	0.739				1.749
	TL5	0.746				1.719
	TL6	0.799				2.057
	TL7	0.737				1.636

Source: Field Data (2026)

For Employee Performance, the item loadings were found to range from 0.708 to 0.804, where all items were found to be above the 0.7 threshold, marking strong relationships between the items and the construct.

CR is 0.855, further supporting the reliability of the Employee Performance scale. The AVE is 0.574, which is above the recommended threshold of 0.5, demonstrating good convergent validity. VIF values range from 1.547 to 1.95, indicating that multicollinearity is not a concern for this construct. Job Satisfaction was found to be reliable, with item loadings varying from 0.701 to 0.831, all above the 0.7 threshold. The CA was 0.816, and the CR was 0.858, both of which suggest good internal consistency. The AVE for Job Satisfaction is 0.569, which is acceptable. The VIF values for all variables were between 1.499 and 1.652, which means there are no problems related to multicollinearity.

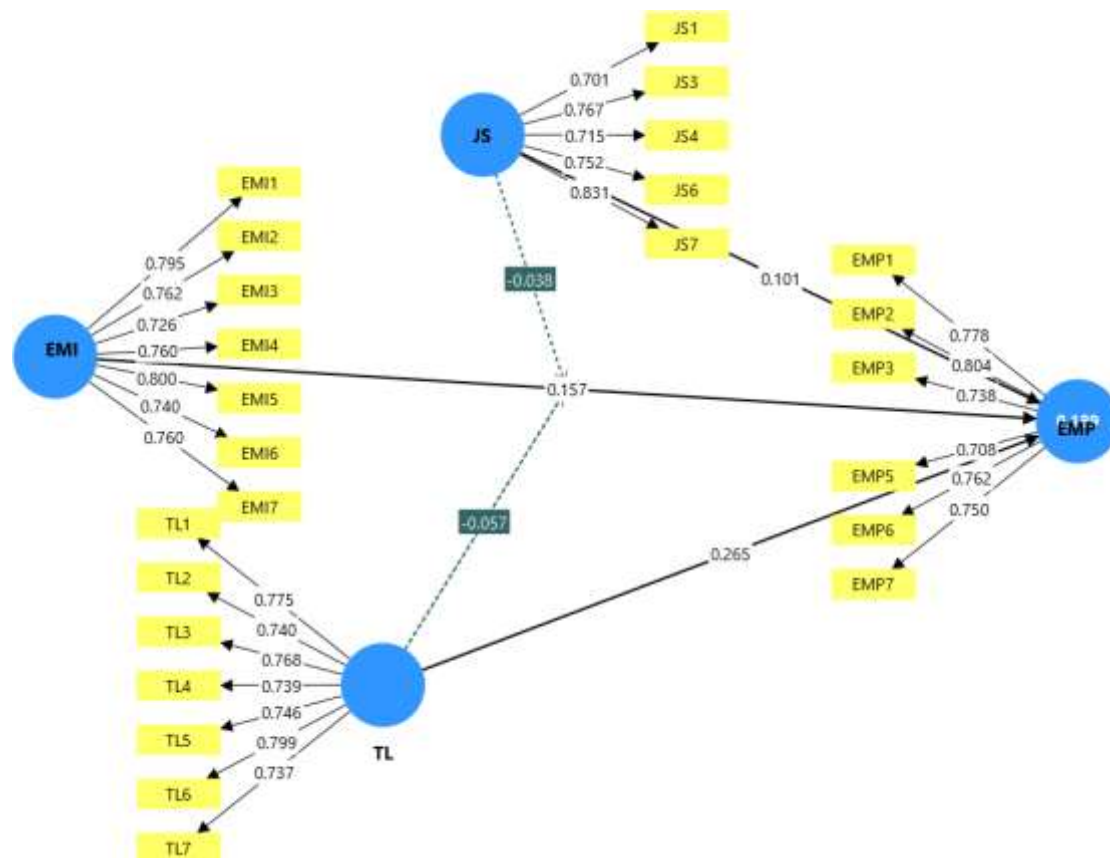


Figure 2. Measurement Model

For the Transformational Leadership, the item loadings ranged between 0.737 and 0.799, and the CA and CR values were 0.877, which indicated high internal consistency. The AVE for Transformational Leadership was found to be 0.575, which is at an acceptable level. The VIF values were between 1.636 and 2.057, which are within acceptable limits, and hence there are no issues of multicollinearity.

4.3 Discriminant Validity and Common Method Bias Test

Table 5 presents the discriminant validity results based on the Fornell and Larcker criterion. The diagonal values represent the square roots of AVE for each construct, which are 0.764 for Emotional Intelligence, 0.757 for Employee Performance, 0.754 for Job Satisfaction, and 0.758 for Transformational Leadership. These values are higher than the correlations between

each construct and the others, suggesting that each construct is distinct and has sufficient discriminant validity. For example, the correlation between EMI and EMP is 0.33, which is below the square root of the AVE for both constructs of EMI = 0.764 and EMP = 0.757, indicating that they are sufficiently distinct from each other. Similarly, the other correlation values are all lower than the respective square roots of the AVEs, confirming that the constructs meet the discriminant validity requirement.

Table 5. Discriminant Validity - Fornell and Larcker Criterion

Variable	EMI	EMP	JS	TL
EMI	0.764			
EMP	0.33	0.757		
JS	0.442	0.241	0.754	
TL	0.471	0.379	0.231	0.758

Source: Field Data (2026)

Table 6: Discriminant Validity - Heterotrait-Monotrait Ratio (HTMT) Criterion

Variable	EMI	EMP	JS	TL
EMI	1			
EMP	0.378	1		
JS	0.518	0.267	1	
TL	0.537	0.435	0.264	1

Source: Field Data (2026)

Table 6 shows the discriminant validity results using the HTMT criterion. The HTMT values are an indication of the degree to which constructs are distinct from each other. All the HTMT values in the table are below the commonly accepted value of 0.90, suggesting that there is no problem with discriminant validity, which confirms the Fornell and Larcker Criterion. For example, the HTMT value of EMI and EMP is 0.378, EMI and JS is 0.518, and EMI and TL is 0.537. These values add further to the argument that the constructs are distinct from each other. Similarly, other HTMT values, for example, between JS and TL is 0.264 and between EMP and TL is 0.435, are well below 0.90, which further confirms that the constructs maintain good discriminant validity.

Table 7. Common Method Bias Analysis-Using the Marker Variable Method

Variables	Coefficient	Standard error	T-stat.	P values
MV-> EMP	0.110	0.089	1.238	0.216
MV-> EMI	0.138	0.095	1.452	0.148
MV-> JS	0.096	0.101	0.951	0.342
MV-> TL	0.081	0.092	0.881	0.379

Source: Field Data (2025)

The results show that the common method bias analysis using the Marker Variable Method shows no significant evidence of bias in the data. For the relationship between Marker Variable (MV) and EMP, the coefficient is ($B = 0.110$, $P\text{-value} = 0.216$), which is not statistically significant at the 0.05 level. This means that the common method bias does not have a significant impact on measuring Employee Performance. Similarly, the EMI coefficient is ($B = 0.138$, $P\text{-value} = 0.148$), which is also not significant at the 0.05 threshold, implying there is no significant influence of common method bias on the measurement of Emotional Intelligence. In the case of JS, the result is ($B = 0.096$, $P\text{-value} = 0.342$), which is well above the 0.05 level, and this confirms further that common method bias is not impacting the measurement of Job Satisfaction. Lastly, for Transformational Leadership, the coefficient is ($B = 0.081$, $P\text{-value} = 0.379$), which is also not statistically significant. In conclusion, the results indicate that common method bias does not significantly impact the measurement of the constructs in this study, as all p-values are above the 0.05 significance threshold. This suggests that the findings are not unduly influenced by common method bias.

4.4 Model Evaluation

The f-square value for Emotional Intelligence influencing Employee Performance is 0.157, which suggests a moderate effect. This indicates that Emotional Intelligence has a noticeable, though not overwhelming, impact on employee performance, highlighting the importance of emotional awareness and regulation in driving performance outcomes. Secondly, the f-square value for Job Satisfaction on Employee Performance is 0.101, indicating a smaller effect. Lastly, the f-square is the square of the correlation between Transformational Leadership and Employee Performance, which is 0.265, which is a moderate to large impact. This implies that transformational leadership, which is characterized by inspiring and motivating employees, has a great impact on improving the performance of the employees. Leaders who are able to inspire and engage their teams make significant contributions to improved performance outcomes.

Table 8. F-Square Statistics

Relationship	f-square
Emotional Intelligence -> Employee Performance	0.157
Job Satisfaction -> Employee Performance	0.101

Source: Field Data (2026)

Table 9. Model Fit

Indices	Saturated model	Estimated model
SRMR	0.045	0.045
d_ULS	0.669	0.667
d_G	0.167	0.167
Chi-square	512.97	512.093
NFI	0.909	0.909

Source: Field Data (2025)

The results presented in Table 9 show the results for the fit indices for both the Saturated model and the Estimated model, which demonstrate that both models are a good fit to the data. The SRMR value is 0.045 for both of the models, which is well below the threshold of 0.08, which indicates that it is an excellent fit with minimal residuals between the observed and predicted correlations. The dULS and dG values are 0.669 and 0.167 for the Saturated model and 0.667 and 0.167 for the Estimated model, indicating that the Estimated model is very similar to the Saturated model, with both values falling in acceptable ranges. The Chi-square values are very similar, with the Saturated model = 512.97 and the Estimated model = 512.093, which indicates that the Estimated model fits almost as well as the Saturated model. Additionally, the NFI value is 0.909 for both models, indicating a good fit with values above 0.90 indicating a good fit with values above 0.90 representing a substantial proportion of variance explained by the model. Overall, these fit indices show that the estimated model is a good and valid representation of the data with a good overall fit.

4.5 Structural Model & Hypothesis Testing

The results show that the link between Emotional Intelligence and Employee Performance is statistically significant ($B = 0.157$, $P = 0.012$). This implies that Emotional Intelligence has a positive and significant impact on Employee Performance. Emotional Intelligence is the ability to recognize, understand and manage one's emotions and those of others. In the workplace, this competency is critical because it helps the employee deal with interpersonal relationships judiciously and empathetically. Individuals who have high EI can deal with stress, handle conflicts, and form strong relationships with their colleagues, all of which help in better job performance. This is a positive effect that demonstrates that employees who are emotionally aware and can manage their own emotions, while understanding those of others, tend to have higher levels of performance. The relationship between Job Satisfaction and Employee Performance is also significant ($B = 0.101$, $P = 0.012$). Job satisfaction is an important motivator for employees and influences their performance. When employees are happy with their jobs, they are more likely to be engaged and committed to their work, resulting in increased productivity. Job satisfaction affects several factors, including the work environment, recognition, personal growth opportunity and relationships with colleagues and

supervisors. Employees who feel satisfied are more likely to make positive contributions to the organization, and they often go above and beyond the minimum requirements. However, the effect size of this one is smaller than that of Emotional Intelligence, which suggests that whilst job satisfaction is an important factor, it may not be as strong a driver of performance as EI. This finding suggests that job satisfaction creates an environment where employees feel valued and motivated, but, for the best results, perhaps emotional intelligence is an even greater determinant for their performance.

Table 10. Structural Model & Hypothesis Testing

Structural Path	Coefficient	t-value	p-value	Decision
Emotional Intelligence → Employee Performance	0.157	2.520	0.012	Supported
Job Satisfaction → Employee Performance	0.101	2.505	0.012	Supported
Transformational Leadership → Employee Performance	0.265	4.395	0.000	Supported
Job Satisfaction × Emotional Intelligence → Employee Performance	-0.038	0.785	0.432	Supported
Transformational Leadership × Emotional Intelligence → Employee Performance	-0.057	1.028	0.304	Supported

Source: Field Data (2026)

The interaction effect between Job Satisfaction and Emotional Intelligence on Employee Performance is found to be statistically insignificant ($B = -0.038$, $P = 0.432$). This suggests that while both Job Satisfaction and Emotional Intelligence independently contribute to employee performance, their combined effect does not provide additional explanatory power. The weak interaction between these two variables indicates that employees who are satisfied with their jobs may already demonstrate positive behaviors that enhance performance, regardless of their emotional intelligence. Similarly, employees with high emotional intelligence are capable of performing effectively without necessarily needing high job satisfaction (Abebe & Singh, 2023). This finding highlights that while it might be intuitive to think that combining job satisfaction with emotional intelligence would further boost performance, this interaction does not offer a significant advantage. It suggests that each of these factors may work well independently, but together, their impact on performance is not synergistic. Thus, the relationship between EI and job satisfaction does not seem to add further complexity to understanding employee performance in this context.

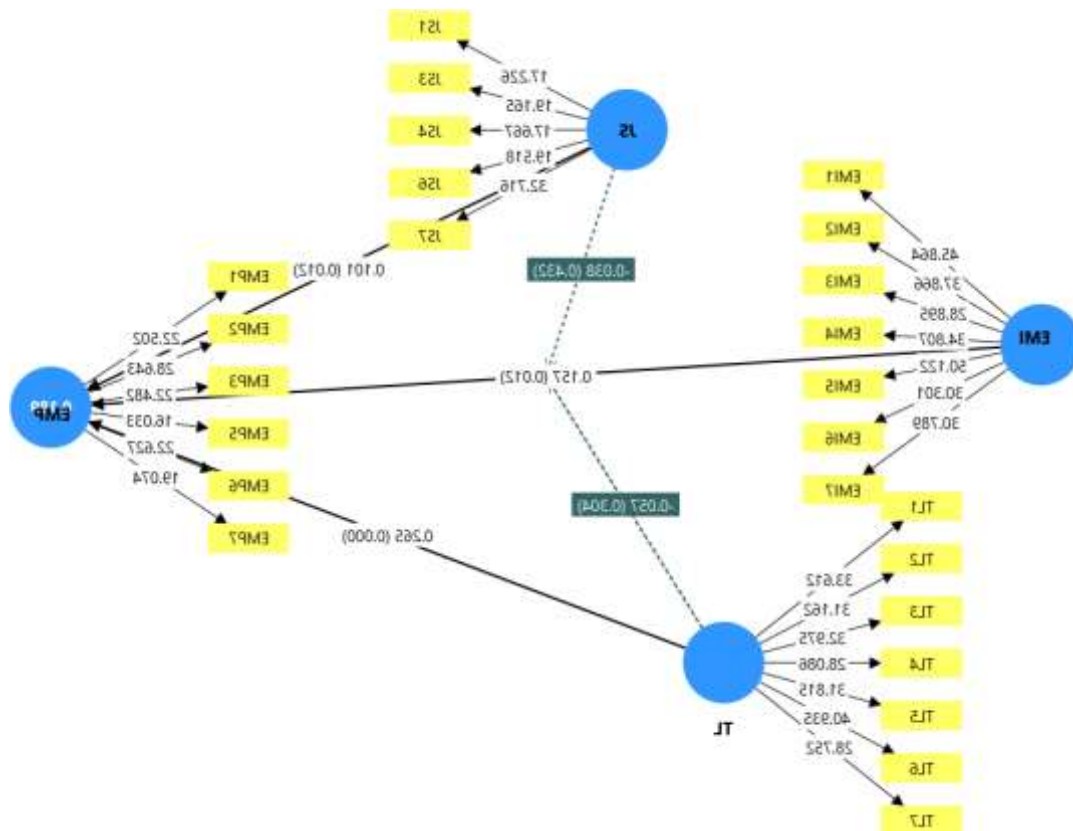


Figure 3. Hypothesis Model

The interaction between transformational leadership and emotional intelligence on employee performance is also found to be insignificant ($B = -0.057$, $P = 0.304$). Transformational leadership is characterized by inspiring and motivating employees, promoting innovation, and encouraging personal and professional growth among employees. Emotional Intelligence, on the other hand, provides a more effective leader by allowing leaders to manage their emotions and understand those of others, leading to better communication and stronger relationships (Rodrigues et al., 2024; Abebe & Singh, 2023). While both of these factors independently influence employee performance, the results indicate that their combined influence does not significantly enhance performance. This suggests that transformational leaders, even when they possess high emotional intelligence, do not necessarily lead to significantly higher performance outcomes compared to leaders with lower emotional intelligence. The lack of significance in this interaction suggests that the presence of both transformational leadership and emotional intelligence does not provide additional benefits beyond their individual effects. In other words, while transformational leaders who are emotionally intelligent can be highly effective, their combination does not seem to produce a stronger impact on employee performance than what would be expected from either factor alone.

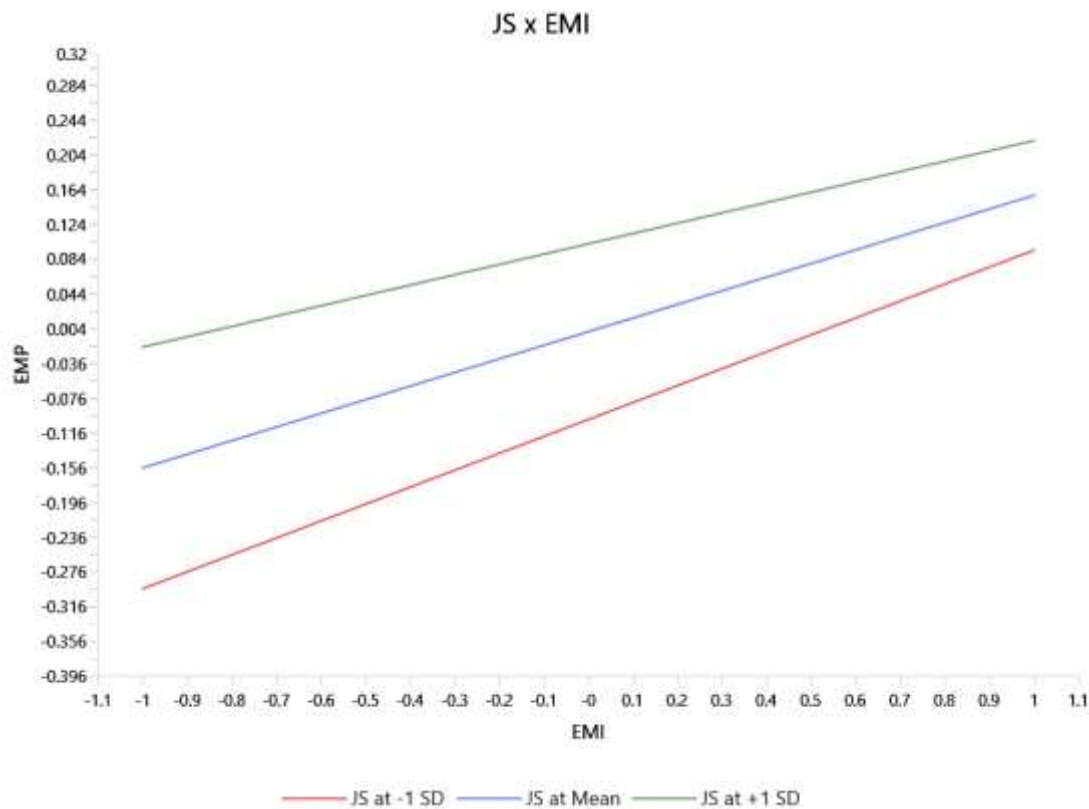


Figure 4. Interaction Between JS x EMI on Employee Performance

Figure 4 shows the interaction effect between Job Satisfaction and Emotional Intelligence on Employee Performance. The results show that the interaction effect is statistically not significant ($B = -0.038$, $P = 0.432$), implying that even though Job Satisfaction and Emotional Intelligence do have independent contributions to Employee Performance, the sum of these does not significantly add additional value. This implies that the relation between Job Satisfaction and Employee Performance does not change to the negative side regardless of the level of Emotional Intelligence that an individual has. Employees who are happy in their jobs tend to do better, but not significantly better, when Emotional Intelligence is taken into consideration. Similarly, people with high Emotional Intelligence can function well despite not being too satisfied with their job. The results suggest that these two variables, although individually important, do not have a synergistic effect that results in significantly better performance. Equally, the combined presence of high Job Satisfaction and high Emotional Intelligence does not seem to have a unique advantage in driving Employee Performance. This highlights that while emotional intelligence and job satisfaction are both important for performance, the interaction between them does not add further explanatory power or improve performance outcomes in the context of this study.

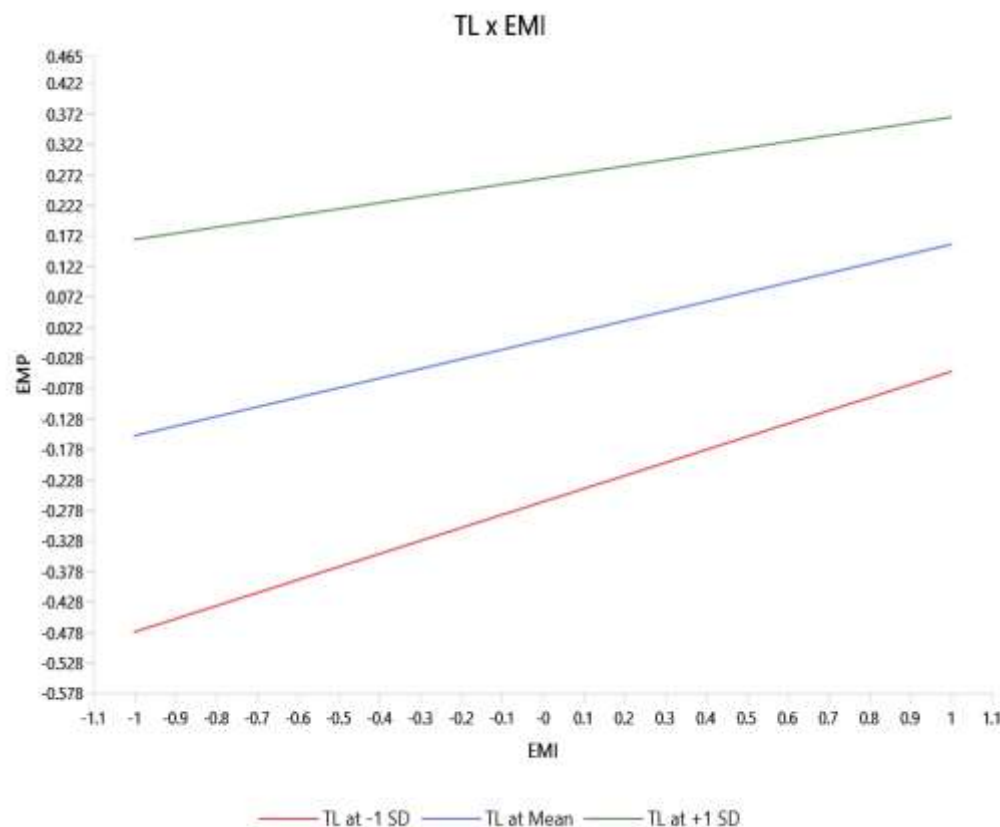


Figure 5. Interaction Between TL x EMI on Employee Performance

Figure 5 shows the interaction effect of Transformational Leadership and Emotional Intelligence on Employee Performance. The results of the analysis indicate that this interaction effect is also not statistically significant ($B = -0.057$, $P = 0.304$). This suggests that the combination of transformational leadership and emotional intelligence does not have a significant impact on the enhancement of Employee Performance over their individual contributions. While both Transformational Leadership and Emotional Intelligence are known to have a positive impact on Employee Performance, transformational leadership by inspiring and motivating employees, and Emotional Intelligence by enhancing emotional regulation and interpersonal relationships, the results show that the interaction between these two does not lead to a stronger effect on performance. The lack of a significant interaction effect suggests that even leaders with high emotional intelligence, as a result of using a transformational leadership style, do not necessarily generate significantly higher performance from their employees than those who are less emotionally intelligent. This result challenges the assumption that the addition of transformational leadership and emotional intelligence would have a compounded positive effect on performance, so that these factors might have independent effects without increasing each other's effectiveness when combined.

4.6 Discussion of Findings

The results reveal that Emotional Intelligence has a positive and statistically significant effect on Employee Performance, indicating that employees with better emotional intelligence are

more likely to have better performance in their work. EI involves a range of competencies such as self-awareness, self-regulation, social awareness and relationship management; all of which are crucial in the workplace to promote positive interactions, conflict resolution, and decision-making. Emotional intelligence is integral in helping employees to manage interpersonal relationships, handle workplace stress, and adapt to change, all of which directly contribute to better performance in the job (Kumar et al., 2024). This finding is in line with the SEL Theory, which suggests that people with high emotional intelligence are better able to navigate complex social environments and are more successful in reaching their personal and professional goals (Gyapomaa, 2019; Fianko et al., 2024). The positive relationship between EI and performance is also similar to other studies that have found employees with high EI are likely to excel in leadership, customer service, and teamwork (Rodrigues et al., 2024; Cronley & Kim, 2017; Coronado-Maldonado & Ben íez-M árquez, 2023). Additionally, emotional intelligence also helps build resilience, making it possible for the individual to recover from setbacks quickly, which is important to sustain consistent high performance in challenging work environments (Shafi et al., 2020). By investing in emotional intelligence development programs, organizations can boost employee engagement, improve employee turnover, and increase overall productivity. Furthermore, the relationship between Job Satisfaction and Employee Performance is also positive and significant. This supports SEL Theory, which emphasizes the intrinsic value of job satisfaction in motivating employee performance (Gyekye, 2019; Lartey, 2018). Satisfied employees are more likely to be motivated, committed and productive, which in turn increases performance.

The study also examines the interaction effects between Transformational Leadership and Emotional Intelligence on Employee Performance, which were found to be statistically insignificant. Transformational leadership is defined as a style of leadership that is marked by inspiration, motivation, innovation, and personal growth (Lee et al., 2023; Kumar et al., 2024). While research has proven that transformational leadership has a positive impact on the performance of employees, the results obtained in this research show that the impact is not significantly increased when combined with emotional intelligence. This is perhaps because both transformational leadership and emotional intelligence independently advance positive performance outcomes, but their interaction does not necessarily lead to the compounding effect. The results are inconsistent with previous research conducted by Rodrigues et al. (2024), who concluded that emotionally intelligent and transformational leaders could improve the performance of employees by effectively controlling their own emotions, building trust, and inspiring commitment. However, these results are consistent with the Nofiyanti et al. (2025), which contended that the effectiveness of transformational leadership can be affected by contextual factors, such as organizational culture or leader-employee relationship. In resource-limited settings, as in SMEs in Ghana, these contextual cues could possibly moderate the effects of transformational leadership and emotional intelligence and consequently result in less significant interaction effects. Similarly, the insignificance of the effect of Job Satisfaction and EI on Employee Performance was also found. This suggests that although Job Satisfaction and EI are individually important to the pursuit of performance, their combined effect does not hold any further explanatory value. These findings are similar to other studies by Indrio and Herachwati (2024), examining the

relationship between job satisfaction and emotional intelligence and concluded that their combined effects on performance were context-dependent. This study reveals that employees who are satisfied with their job will be good performers regardless of their EI, and those with high EI will be able to be good performers even without having high job satisfaction. This suggests that although EI and job satisfaction are key factors that play an important role in improving performance, the interaction between them may not be as important in increasing one's performance in certain settings, such as in SMEs, which are characterized by informal management structures and resource constraints. These results suggest that each of these factors, EI, Job Satisfaction, and Transformational Leadership play an important role in influencing employees' performance, but the various effects of these factors when combined may not always result in greater improvements, especially in specific organizational settings such as those in Ghanaian SMEs (Abebe & Singh, 2023).

5. Implication/Contribution

5.1 Theoretical Contribution

This study makes several important theoretical contributions to the understanding of how Emotional Intelligence, Job Satisfaction, and Transformational Leadership influence Employee Performance in Ghanaian SMEs. First, it supports and extends SEL Theory, affirming that EI is crucial for emotional regulation, interpersonal skills, and decision-making, which directly enhance performance outcomes (Rodrigues et al., 2024; Cronley & Kim, 2017). Second, the study demonstrates that Job Satisfaction positively influences Employee Performance, where satisfied employees are more motivated, engaged, and productive. Third, it contributes to the literature by exploring the interaction effects of EI, Job Satisfaction, and Transformational Leadership, revealing that while each factor independently contributes to performance, their combined effects do not significantly enhance it. This challenges traditional models and highlights that these interactions may be context-dependent, especially in resource-constrained settings like SMEs in Ghana (Nofiyanti et al., 2025; Rodrigues et al., 2024).

5.2 Knowledge Contribution

This research makes a significant contribution to the understanding of employee performance in that it explores the role of Emotional Intelligence, Job Satisfaction and Transformational Leadership on the enhancement of performance outcomes in the context of Ghanaian SMEs. The findings highlight the importance of Emotional Intelligence, demonstrating its positive and significant effect on performance, which is in line with other research findings that have highlighted the importance of emotional intelligence in overcoming challenges in the workplace (Gyekye, 2019; Lartey, 2018). Additionally, the study highlights Job Satisfaction as an important determining factor in the performance of employees, implying that satisfied employees are more productive and committed to their tasks. The research also adds new aspects to its findings by analyzing the interaction effects of Job Satisfaction and Emotional Intelligence, and Transformational Leadership and Emotional Intelligence, which include that these interactions do not improve performance significantly. This finding refutes the assumption that the impact of these variables combined would lead to a stronger impact on

performance (Cronley & Kim, 2017). Furthermore, the research has a valuable contextual contribution in that it focuses on SMEs in Ghana, thus providing a contribution to the literature on performance in emerging economies. These results have practical implications for organizations seeking to develop a high-performance culture in their organization by emphasizing the importance of EI and leadership as key factors in employee development and performance optimization.

5.3 Policy and Practical Implications

This study offers significant policy and practical implications for improving employee performance in Ghanaian SMEs. First, the results imply the importance of organizations to focus on EI development as a core competency in their workforce training programs. By investing in EI training, SMEs can support better interpersonal relationships, improved conflict resolution and emotional regulation, and ultimately lead to improved performance levels. Policymakers in Ghana can also help with initiatives that integrate EI training into formal education and professional development, especially for leaders and managers, as it can result in a more emotionally intelligent workforce. In terms of Job Satisfaction, the study highlights the importance of fostering a work environment that values and supports employees, as this directly affects their engagement and productivity. Employers should concentrate on offering career development, recognition and a good work culture. Additionally, the results of the study indicate that although transformational leadership is important, its interaction with EI may not always result in better performance outcomes, suggesting that leadership style effectiveness may be context-dependent. Therefore, SMEs should contemplate a flexible approach to leadership development, whereby leadership styles are adapted to the special needs of their employees and organizational culture, especially in resource-poor settings.

6. Conclusion

In conclusion, this study provides valuable insights into the role of Emotional Intelligence, Job Satisfaction, and Transformational Leadership in enhancing Employee Performance within Ghanaian SMEs. The results confirm that both EI and JS are individual contributors to the achievement of better job performance and thus indicate the importance of emotional competencies and a satisfying work environment in driving productivity. However, the study also shows that the interaction effects between EI and JS and between EI and TL do not show significant enhancement of performance outcomes, suggesting that the interaction of these factors combined together may be contextual. The study highlights the importance of taking into consideration the context of the study, especially in resource-constrained areas such as SMEs in Ghana, where informal management structures and limited resources may moderate the effectiveness of these factors. These findings have important implications for policy and practice, especially for SME managers and policymakers who want to enhance the performance of their employees through their leadership and employee engagement initiatives. Overall, while EI, JS and TL are key to creating a high-performance culture, the interaction between them does not always lead to compounded effects, highlighting the need for a more nuanced approach when trying to improve performance in particular

organizational contexts.

6.1 Suggestion for Future Research

This study, while contributing valuable insights into the relationship between EI, JS, TL, and EMP in Ghanaian SMEs, is not without its limitations. One key limitation is the focus on a specific geographical context, which may limit the generalizability of the findings to other regions or industries. Given that the study was conducted within SMEs in Ghana, the unique economic, cultural, and organizational challenges in this setting may influence the results, and further research could explore the applicability of these findings in different contexts, such as larger corporations or across different African countries. Additionally, the study primarily relied on cross-sectional data, which limits the ability to infer causal relationships between the variables. Longitudinal studies could provide a deeper understanding of how EI, JS, and TL influence performance over time. Furthermore, the study did not explore other potential moderating variables such as organizational culture, employee personality traits, or external market conditions, all of which could play a role in shaping the relationship between the variables studied. Future research could address these gaps by exploring the interaction of additional factors, conducting studies in diverse contexts, and using longitudinal or experimental designs to better understand the causal mechanisms behind these relationships.

Data Availability Statement

Data are available from the author upon reasonable request and ethical approval.

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Conflict of Interest

The authors declare no conflict of interest.

Consent to Participate Declaration

Informed consent was obtained from all participants.

Consent to Publish Declaration

Participants consented to the publication of anonymized data.

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