

The Impact of Inclusive Leadership on Employee Engagement

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Abstract—Practitioners and researchers alike have embraced inclusion as key for the sustained competitive advantage of organizations as well as the health and well-being of their employees. As a workforce becomes increasingly diverse and organizations operate in increasingly competitive environments, inclusive leadership is being viewed as a strategy to ensure that the benefits of a diverse workforce are realized. The study of inclusive leadership moves beyond simply having diverse employees (diversity) to understanding how to effectively lead them (inclusion) to achieve superior business and human outcomes. Thus, this study aims to examine the role of inclusive leadership on employee engagement critically. It aims to identify leadership competencies that build an engaging labour force and examines the challenges involved in implementing inclusive leadership.

Index Terms—Inclusive Leadership, Employee Engagement

I. INTRODUCTION

Inclusive Leadership

Inclusive leadership refers to a leadership style that creates an environment where everyone, regardless of their differences, feels accepted, valued, and supported regardless of their background and expertise. This leadership style not only promotes diversity in hiring but also actively works to ensure that all employees can express their ideas and contribute equitably. In short, inclusive leaders strive to build an organizational culture that embraces diversity and fosters a sense of belonging among all employees. When an organization is led by leaders who prioritize inclusivity, they open the door to a wider range of perspectives from their team and employees. These diverse perspectives are essential for addressing complex challenges, seizing new opportunities, and ultimately driving increased sales, stronger revenue, and sustainable profit growth.

Employee Engagement

An emotional connection to their job and company inspires engaged employees to be committed to and actively pursue their organization's objectives. Employee engagement creates the ideal conditions for everyone in an organization to perform at their best, stay committed to goals and values, and contribute to overall success.

Engaged employees are emotionally invested in their work and the organization's goals. They show high commitment, productivity, and positively influence company culture, driven by genuine interest rather than just financial rewards or promotions.

When organizations prioritize employee engagement, employees feel more motivated and connected to their leaders and the company. Even small efforts can reduce turnover, improve retention, and inspire employees to excel, keeping the workforce innovative and agile during change.

II. LITERATURE REVIEW

Pless, Nicola & Maak, Thomas (2004). Have presented a framework of inclusion rooted in a moral theory of recognition, highlighting principles of reciprocal understanding, standpoint plurality, mutual enabling, trust, and integrity.

Pelled, L. H., Eisenhardt, K. M., & Xin, K. R. (1999). According to them, diversity affects both conflict and performance, but the relationships are nuanced. Differences in employees' functional backgrounds mostly cause task conflict. Meanwhile, emotional conflict is driven by several factors: it is increased by diversity in race and tenure but decreased by diversity in age.

Roberson, Q. M. (2006). According to him, by distinguishing and connecting diversity and inclusion, researchers and practitioners gain the insight needed to

promote equality for historically disadvantaged groups and create organizations where all employees can fully leverage their skills and talents.

Qasim, S., Usman, M., Ghani, U., & Khan, K. (2022). Their study found that inclusive leadership directly encourages employee helping behaviors. Furthermore, this positive relationship is explained by the fact that inclusive leadership fosters psychological factors like safety and engagement, which, in turn, drive the employees' willingness to help.

Kanya, N., & Johan, A. (2025). Their study demonstrates a clear pathway to better team performance. Inclusive leadership and ethnic diversity act as foundational elements: leadership enhances inclusive climate and coordination, while diversity promotes coordination and knowledge sharing. All three outcomes—climate, coordination, and knowledge sharing—boost performance, though knowledge sharing delivers the strongest impact. In essence, the study highlights how an inclusive environment is critical for leveraging diversity and leadership to drive collaboration and superior results. Megha Gupta, Sunaina Kuknor, Kusum Sharma (2024). According to them, to achieve true inclusivity, leaders must continuously hone their awareness, effort, accommodation, openness, and cultural intelligence. Leaders who champion diversity and embrace inclusion create a positive work environment that, in turn, boosts employee engagement, performance, and productivity.

Ashikali, T. (2023). Their study confirms that a leader's humility and a flexible organizational culture both positively influence inclusive leadership. Furthermore, public managers are driven toward inclusive leadership by considering both the social justice and business case rationales for diversity. Critically, top management support is essential, as it changes organizational culture and norms, thereby motivating lower-level managers to actively practice inclusive leadership.

Anane-Simon, R., & Olusegun Atiku, S. (2023). Their article outlines the core competencies and behaviors of inclusive leaders, while also examining the challenges and opportunities of practicing inclusive leadership during periods of change. Crucially, the study finds that inclusive leadership promotes sustainable development by boosting creativity, enhancing organizational effectiveness, and cultivating social and environmental responsibility. It concludes by urging

individuals and organizations to adopt inclusive leadership for a more sustainable future.

III. OBJECTIVE OF THE STUDY

1. To critically examine the role of inclusive leadership on employee engagement
2. To identify leadership competencies that build an engaging labour force.
3. To examine the challenges involved in implementing inclusive leadership.

IV. MEASUREMENT OF INCLUSIVE LEADERSHIP

Effective inclusive leadership relies on certain fundamental competencies that build a supportive and high-performing environment:

Active Listening: This goes beyond simply hearing words; it involves understanding and valuing employees' perspectives and concerns. Leaders who actively listen can respond more effectively, ensuring every team member feels understood.

1. **Open Mindset:** Inclusive leaders must be willing to challenge their own biases and recognize the learning potential in every interaction. This openness is essential for exploring diverse solutions and fostering innovation over traditional approaches.
2. **Teamwork:** Leaders should actively promote an environment where all team members feel safe collaborating and sharing ideas. This focus on cooperation and mutual support not only improves morale but also drives greater creativity and innovation.
3. **Emotional Resilience:** This is the ability to maintain mental balance while adapting and recovering from adverse situations. Inclusive leaders use this skill to handle professional stress with calmness and control, guiding teams through obstacles with empathy and strength to ensure cohesion.
4. **Team Diversity:** Inclusive leadership is demonstrated by the team's composition. Leaders must ensure their teams include a variety of perspectives and backgrounds to enrich decision-making, foster creativity, and better reflect the needs of their customers and the community. This diversity creates complementarity where the

team's output exceeds the sum of its individual parts.

5. **Conflict Management:** Since diverse teams often experience differences in opinions or styles, inclusive leaders must manage conflicts constructively. They achieve this by identifying issues early, promoting active listening, and seeking solutions that not only resolve the disagreement but also strengthen team cohesion allowing diversity to spark innovation.

V. CHALLENGES IN IMPLEMENTING INCLUSIVE LEADERSHIP

Organizations often face several obstacles when trying to embed inclusive leadership practices:

- **Resistance to Change:** Many people and teams are accustomed to established work methods and may resist new inclusive practices. Overcoming this requires clear, ongoing communication about the benefits and a visible, unwavering commitment from top executives.
- **Lack of Executive Commitment:** If senior leaders do not actively commit to and model inclusive practices, the rest of the organization will likely not take the initiatives seriously, thereby limiting their impact and effectiveness.
- **Implicit Biases:** Unconscious prejudices can negatively affect critical decisions related to hiring, promotions, and daily interactions. Mitigating these biases requires ongoing training and encouraging personal reflection and self-care.
- **Uneven Implementation:** Inclusive initiatives are often applied effectively in some areas while being ignored or poorly implemented in others. Standardization is key: organizations must standardize policies and procedures across all departments to ensure consistent application.
- **Measuring Impact:** Evaluating the success of these initiatives is complicated because clear, easily quantifiable metrics for inclusion are often lacking. Organizations need to develop reliable methods using both quantitative and qualitative data and must strategically link inclusive leadership to business metrics to ensure its perceived value.
- **Lack of Resources:** Effective implementation requires dedicated resources for specialized

training, consulting, and evaluation tools. Budget constraints can challenge a company's ability to invest in these areas, making it essential to allocate necessary funds or find creative ways to obtain support.

- **Resistance to Change:** Employees and teams often resist new inclusive practices because they are comfortable with established ways of working. Overcoming this requires clear, continuous communication about the benefits and a visible commitment from senior leadership.
- **Lack of Executive Commitment:** Inclusive efforts must be driven from the top. If senior leaders aren't visibly and actively committed, the rest of the organization will likely fail to take these initiatives seriously, limiting their impact.
- **Implicit Biases:** Unconscious prejudices often affect hiring, promotions, and daily interactions. Mitigating this requires ongoing training on implicit bias and fostering personal reflection and self-care.
- **Uneven Implementation:** Inclusive practices are frequently applied well in some areas but ignored or poorly executed in others. To fix this, organizations must standardize policies and procedures across all departments, making leadership accountability crucial.
- **Measuring Impact:** Evaluating success is difficult because clear, quantifiable metrics for inclusion are often missing. Organizations must develop reliable methods using both quantitative and qualitative data and link inclusion to core business metrics to ensure buy-in.
- **Lack of Resources:** Effective implementation demands investment in specialized training, consulting, and evaluation tools. Budget constraints can limit the quality and depth of initiatives, making it vital to allocate necessary resources or find creative funding solutions.

VI. CONCLUSION

The pervasive influence of inclusive leadership is fundamentally transformative, directly elevating the quality and commitment of employee engagement. By consistently practicing transparency, fairness, and active appreciation of diverse perspectives, inclusive leaders successfully establish a foundation of

psychological safety and profound belonging. This environment minimizes the need for employees to self-censor or guards their identities, freeing up cognitive and emotional energy. The result is an empowered workforce that willingly contributes greater discretionary effort, drives innovation, and remains deeply aligned with organizational goals. Ultimately, cultivating inclusive leadership is not merely an optional strategy for positive culture, but a core strategic imperative for achieving sustained organizational resilience, high performance, and competitive advantage in the modern era.

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