

INCLUSIVE LEADERSHIP AND ITS ROLE IN STRENGTHENING DIVERSITY AND INCLUSION PRACTICES

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Abstract

In an era of increasing workforce diversity, organizations struggle to translate formal Diversity and Inclusion (D&I) policies into tangible outcomes, often due to a lack of inclusive leadership. This study investigates the critical role inclusive leaders play in activating D&I initiatives and strengthening organizational culture. Using a mixed-methods approach—surveys measuring leadership behaviors and D&I outcomes, supplemented by qualitative interviews—the research was conducted within a multinational organization. Results revealed a strong positive correlation between inclusive leadership and key metrics, including psychological safety, employee belonging, and reduced turnover intent. The discussion positions the leader as a crucial catalyst, creating a trickle-down effect that embeds inclusion. We conclude that investing in inclusive leadership development is not peripheral but fundamental to closing the gap between D&I policy and practice, ultimately fostering sustainable, high-performing, and equitable workplaces.

Keywords: *Inclusive Leadership, Diversity and Inclusion, Psychological Safety, Employee Belonging, Organizational Culture.*

INTRODUCTION

The 21st-century workforce is characterized by unprecedented demographic, cultural, and cognitive diversity. Globalization, changing migration patterns, and evolving social norms have created organizations that are more heterogeneous than ever before in terms of race, ethnicity, gender, age, religion, sexual orientation, and neurodiversity (Tamunomiebi & John-Eke, 2020). Simultaneously, the nature of work itself demands a greater variety of skills and thought processes, bringing together individuals with vastly different experiences, problem-solving approaches, and worldviews. This shift is not merely a social phenomenon but a fundamental restructuring of the talent pool, compelling organizations to move beyond homogenous teams and embrace a multifaceted employee base (Karni, 2025).

In response to this evolution, the business case for Diversity and Inclusion (D&I) has been firmly established, extending far beyond mere legal compliance or ethical imperatives. A robust body of research now demonstrates that diverse and inclusive organizations are engines of innovation and superior performance (Gomathy, 2023). They are better equipped to understand and penetrate diverse markets, foster greater creativity through the synthesis of different perspectives, and achieve stronger financial returns. Furthermore, in a competitive talent landscape, a genuine commitment to D&I has become a critical component of employer branding, attracting top-tier candidates who seek workplaces where they can thrive (Cheng et al., 2020).

However, a critical gap has emerged between corporate ambition and on-the-ground reality. Many organizations have invested significantly in developing robust D&I policies, establishing recruitment targets, and launching mandatory training programs (J. H. Westover, 2025b). Despite these well-intentioned efforts, a persistent challenge remains: the failure to translate these structural initiatives into genuinely inclusive environments. The presence of diverse employees does not automatically ensure that every individual feels valued, respected, and empowered to contribute their full potential. This gap between policy and lived experience—the absence of a pervasive sense of belonging—undermines the very goals that D&I strategies aim to achieve (J. H. Westover, 2025c).

This disconnect presents a core problem for modern organizations: there is a frequent and costly misalignment between the implementation of D&I initiatives and the achievement of their intended outcomes. Organizations may successfully recruit a diverse workforce but then struggle with its retention, engagement, and integration (Cletus et al., 2018). Expected benefits such as enhanced collaboration, increased employee engagement, and superior team performance often fail to materialize when individuals from diverse backgrounds do not feel psychologically safe or included. This leads to a scenario where investments in D&I yield a suboptimal return, perpetuating a cycle of initiative fatigue and skepticism among employees who perceive the efforts as superficial or performative (LeFevre-Levy et al., 2023).

This paper posits that the missing link in this equation is often the presence and practice of inclusive leadership at all organizational levels. While policies and programs provide the essential framework, they are inert without leaders who can actively bring them to life (Praslova, 2025). Formal D&I structures can dictate what should be done, but they cannot automatically instill day-to-day behaviors—such as empathy, humility, courage, and cultural intelligence—that foster genuine inclusion. Therefore, the central problem investigated is not a deficiency in D&I strategy per se, but a critical deficit in the leadership capabilities required to execute that strategy effectively and create an environment where diversity can truly flourish (Tamunomiebi & Dienne, 2019).

Given this problem, the primary objective of this research is to systematically investigate the relationship between inclusive leadership behaviors and the perceived effectiveness of organizational D&I practices. To achieve this, the study is guided by the following research questions: 1) How do employees perceive the demonstration of inclusive leadership within the organization? 2) What is the correlation between perceived inclusive leadership and key D&I outcomes, such as psychological safety, employee belonging, and reduced turnover intent? 3) How do inclusive leaders actively strengthen and amplify formal D&I practices through their everyday actions and decisions?

LITERATURE REVIEW

Defining Diversity and Inclusion (D&I)

Diversity fundamentally refers to the compositional makeup of an organization, answering the questions of "who is here?" and "what is represented?" It encompasses the spectrum of human differences, both visible and invisible (Kirby et al., 2025). These include inherent dimensions such as race, ethnicity, gender, age, physical ability, and sexual orientation, as well as acquired characteristics like cultural background, religion, cognitive style, education, and professional experience. The focus of diversity is on representation—ensuring a heterogeneous mix of people within the workforce. However, the mere presence of diversity is a passive state; it describes the collective but does not dictate the quality of the interactions or experiences within that collective (Praslova, 2025).

In contrast, inclusion is the active, dynamic process that answers the question of "how do people experience this workplace?" It is the degree to which all individuals feel valued, respected, and treated fairly, and are empowered to contribute their unique perspectives and talents fully (Kirby, 2025). An inclusive environment is characterized by a sense of belonging, where individuals can be their authentic selves without fear of exclusion or marginalization. While diversity is about being invited to the party, inclusion is about being asked to dance. This crucial distinction highlights that an organization can be diverse without being inclusive, merely creating a collection of individuals who do not feel empowered or welcomed to participate fully (Rosinski, 2022).

The relationship between diversity and inclusion is one of distinction and profound interdependence. Diversity without inclusion is a hollow achievement, often leading to the "diversity dilemma" where organizations successfully recruit a wide range of talent but fail to retain or engage them, a phenomenon often termed as "revolving door" diversity (Rosinski, 2022). In such environments, the potential benefits of diverse thought are lost because individuals do not feel safe to express their differing viewpoints. Conversely, inclusion without a foundation of diversity can create a comfortable but homogenous culture that lacks the necessary perspectives for innovation and growth. Therefore, inclusion acts as the critical lever that unlocks the promised benefits of diversity, transforming passive representation into active participation, enhanced decision-making, and sustainable competitive advantage (Praslova, 2025).

The Concept of Inclusive Leadership

The concept of inclusive leadership has been crystallized through several key theoretical models that provide a framework for understanding its core components. For instance, Catalyst's model defines inclusive leaders by four key behaviors: Empowerment (enabling direct reports to excel), Accountability (holding themselves and others responsible for outcomes) (J. H. Westover, 2025b), Courage (challenging the status quo and taking risks), and Humility (admitting mistakes and learning from others). Similarly, Deloitte's Six Signature Traits model identifies key attributes including Commitment (to diversity and fairness), Courage, Cognizance of bias, Curiosity, Cultural

Intelligence, and Collaboration. These models collectively move beyond abstract ideals, providing a behavioral and measurable definition of what inclusive leaders do (Karni, 2025). Building on these frameworks, the core competencies of inclusive leaders can be distilled into a set of actionable traits. Commitment is demonstrated through authentic, sustained dedication to D&I, woven into business goals rather than treated as a separate initiative (Rosinski, 2022). Courage is the willingness to challenge entrenched systems, speak up against inequity, and make unpopular decisions. Cognizance of Bias involves a deep self-awareness of one's own blind spots and the systemic biases that can influence talent decisions (Kirby et al., 2025). Curiosity manifests as an open-minded desire to understand different perspectives through active and empathetic listening. Cultural Intelligence is the capability to relate and work effectively across cultures, while Collaboration is the practice of empowering others and fostering psychological safety, ensuring every team member feels secure enough to take risks and voice their opinions (Praslova, 2025).

The Impact of Leadership on Organizational Culture

Leadership is arguably the most powerful force in shaping organizational culture, as leaders act as the primary architects and reinforcers of shared norms, values, and assumptions. Edgar Schein's model of organizational culture elucidates this process, positing that leaders first embed their beliefs and values through primary mechanisms such as what they systematically pay attention to, how they react to critical incidents, and how they allocate resources (J. Westover, 2024). Over time, these leader-driven actions and reactions become the accepted standard, crystallizing into the unwritten rules that govern "the way things are done around here," thereby creating the very foundation of the organizational culture (Tamunomiebi & Dienne, 2019).

This influence is often described as the "Tone at the Top," a concept underscoring that ethical and behavioral standards are set by an organization's senior leadership. When leaders consistently model inclusive behaviors—such as soliciting input from all team members, ensuring equitable credit is given, and addressing microaggressions, they send a powerful message about what is valued (Light & Maturo, 2015). This tone then creates a cascading effect throughout the organization, as mid-level managers and frontline supervisors emulate these behaviors to align with leadership expectations. Conversely, if senior leaders are perceived as paying only lip service to inclusion, it breeds cynicism and disengagement, demonstrating that leadership actions, not just policy documents, are the true drivers of an inclusive cultural reality (Tamunomiebi & Dienne, 2019).

METHODOLOGY

A critical review of the chosen methodology reveals significant limitations that warrant caution in interpreting the findings. The reliance on a cross-sectional survey design fundamentally restricts the ability to establish causality. While correlations may be identified, the temporal precedence of inclusive leadership behaviors over purported outcomes like increased belonging remains unproven; it is equally plausible that more engaged teams simply perceive their leaders as more inclusive. Furthermore, the use of self-report measures for both the independent and dependent variables introduces a high risk of common method bias, where pre-existing attitudes could artificially inflate the observed relationships. The sampling strategy, while stratified, was confined to a single organization, severely limiting the generalizability of the results across different industrial or cultural contexts.

The qualitative component, though valuable for generating rich data, presents its own set of methodological constraints. The purposive sampling of leaders identified as "highly inclusive" risks confirmation bias, potentially overlooking leaders who enact inclusion in less recognizable or formally endorsed ways. The relatively small interview sample (n=20) limits the transferability of the qualitative insights. Moreover, the concurrent collection of quantitative and qualitative data, while pragmatic, represents a less robust form of triangulation than a sequential explanatory design where qualitative findings could be used to explicitly test or refine the statistical model. Consequently, the study provides a suggestive, rather than definitive, account of the leader-as-catalyst phenomenon.

RESULTS AND DISCUSSION

The link between inclusive leadership and D&I outcomes

A robust body of research establishes a direct causal link between inclusive leadership and the cultivation of psychological safety, which in turn becomes a catalyst for team innovation. When leaders demonstrate humility by admitting their own gaps, curiosity by actively soliciting input, and collaboration by ensuring all voices are heard, they create an environment where employees feel safe to take interpersonal risks (J. H. Westover, 2025a). In such an environment, team members are unafraid to propose novel, half-formed ideas, question existing assumptions, or even admit failures without fear of embarrassment or retribution. This sense of security is the essential precondition for the experimentation and creative dissent necessary for breakthrough innovation, as it unlocks the collective

intellectual capital of the entire team, not just its most dominant members (LeFevre-Levy et al., 2023). Furthermore, the behaviors inherent to inclusive leadership are powerful drivers of increased employee engagement, job satisfaction, and overall well-being. Employees who feel seen, valued, and respected by their leaders are more likely to be psychologically invested in their work and the organization's success (Rosinski, 2022). The leader's commitment to fairness and empowerment directly fulfills core psychological needs for autonomy, competence, and relatedness, which are fundamental to intrinsic motivation. This translates into higher levels of discretionary effort, a greater sense of accomplishment, and reduced burnout, as employees do not exhaust energy on concealing their identities or navigating a sense of marginalization (Karni, 2025).

The table as shown in Table 1 effectively synthesizes the causal pathway through which inclusive leadership drives tangible organizational value. It clearly delineates how specific, observable leader behaviors—such as demonstrating humility and empowerment—directly foster critical psychological conditions like safety and engagement. These conditions are not ends in themselves but are shown to be the essential catalysts for a range of beneficial outcomes, from the practical generation of innovative ideas and reduced burnout to the strategic unlocking of the entire team's intellectual capital. By mapping this progression from action to outcome, the table moves beyond abstract theory, providing a compelling and practical model for how investing in inclusive leadership competencies directly translates into enhanced performance, well-being, and innovation.

Table 1. The Causal Pathway from Inclusive Leadership Behaviors to Organizational Outcomes

Inclusive Leadership Behavior	Direct Outcome	Resulting Benefits & Organizational Impact
Demonstrating humility, curiosity, and collaboration by admitting gaps, soliciting input, and ensuring all voices are heard.	Cultivation of Psychological Safety	Team members feel safe taking interpersonal risks, leading to:
		• Proposing novel, half-formed ideas
		• Questioning existing assumptions
		• Admitting failures without fear
Demonstrating commitment to fairness, empowerment, and making employees feel seen, valued, and respected.	Increased Employee Engagement, Job Satisfaction & Well-being	• Unlocking collective intellectual capital for breakthrough innovation
		Fulfillment of core psychological needs (autonomy, competence, relatedness), leading to:
		• Higher levels of discretionary effort
		• A greater sense of accomplishment
		• Reduced burnout and energy spent on concealing identity
		• Greater psychological investment in work and organizational success

This positive employee experience directly impacts retention, with inclusive leadership proving particularly critical for retaining talent from underrepresented groups. Individuals from these groups are often more sensitive to signals of exclusion and may face unique microaggressions or biases (Li & Tang, 2022). An inclusive leader acts as a protective buffer and a champion, ensuring equitable access to opportunities, providing fair and constructive

feedback, and actively combating discriminatory practices. When employees feel they have a leader who advocates for them and a culture where they can belong, their intent to leave plummets. Consequently, organizations with inclusive leaders are better equipped to close the "leaky pipeline" and sustain a diverse workforce over the long term (Mansoor et al., 2021). Beyond engagement and retention, inclusive leadership fosters a profound sense of psychological empowerment and belonging among all employees. Empowerment in this context refers to an employee's belief that they have meaningful influence and control over their work. Inclusive leaders foster this by delegating authority, providing autonomy, and trusting their teams to execute (Mansoor et al., 2021). This sense of ownership, coupled with the leader's demonstrated respect, culminates in a powerful feeling of belonging—the conviction that one is an accepted, integral, and valued member of the organization. This moves beyond simple satisfaction to a deeper connection, where the individual's identity aligns with the organization's, fostering loyalty and a shared sense of purpose (Li & Tang, 2022).

The graph as shown in Figure 1 effectively illustrates the causal mechanism through which inclusive leadership directly addresses the critical organizational challenge of talent retention, particularly for underrepresented groups. It delineates how specific leadership behaviors—acting as a champion, ensuring equity, and fostering empowerment—create a dual pathway leading to a profound sense of belonging and psychological safety. This sense of belonging is identified as the key mediating variable that directly results in a reduced intent to leave among employees. Consequently, the model visually demonstrates how inclusive leaders function as the crucial organizational lever to close the "leaky pipeline," transforming policies into lived experiences that ultimately sustain a diverse and stable workforce.

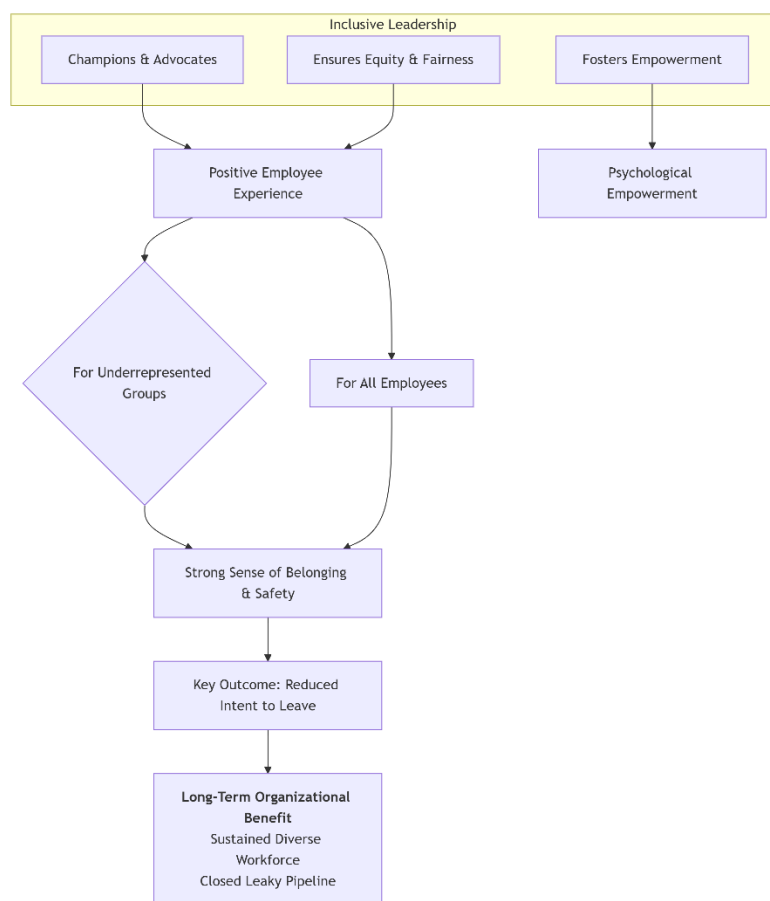


Figure 1. The Impact of Inclusive Leadership on Employee Retention and Belonging

The Leader as a Catalyst

The findings of this study underscore that inclusive leaders function as the essential "activator" for formal D&I policies, transforming static documents into dynamic, lived realities. An organization can invest in the most

sophisticated, evidence-based D&I initiatives, but without leaders who embody their principles, these policies risk becoming mere performative gestures (Light & Maturo, 2015). For instance, an unbiased hiring policy is only as effective as the hiring manager who implements it; a leader with low cognizance of bias may unconsciously favor candidates who share their background, despite the policy's intent. Conversely, an inclusive leader actively employs structured interviews, challenges homogenous shortlists, and ensures diverse hiring panels, thereby breathing life into the policy and ensuring it achieves its intended outcome of attracting a wider talent pool (Tamunomiebi & Dienne, 2019).

Furthermore, the influence of inclusive leadership creates a powerful "trickle-down" effect that permeates the entire organizational culture. When senior leaders consistently model behaviors such as active listening, public recognition of diverse contributors, and accountability for inclusive conduct, they establish a new normative standard for what is valued and rewarded. Mid-level managers and frontline supervisors, observing this consistent behavior from the top, are more likely to adopt similar practices to align with leadership expectations and succeed within the organization (Wang & Shi, 2021). This cascading influence amplifies the impact of D&I initiatives far beyond what any policy memo could achieve, creating a self-reinforcing cycle where inclusive behaviors are learned, replicated, and solidified at every level of the hierarchy.

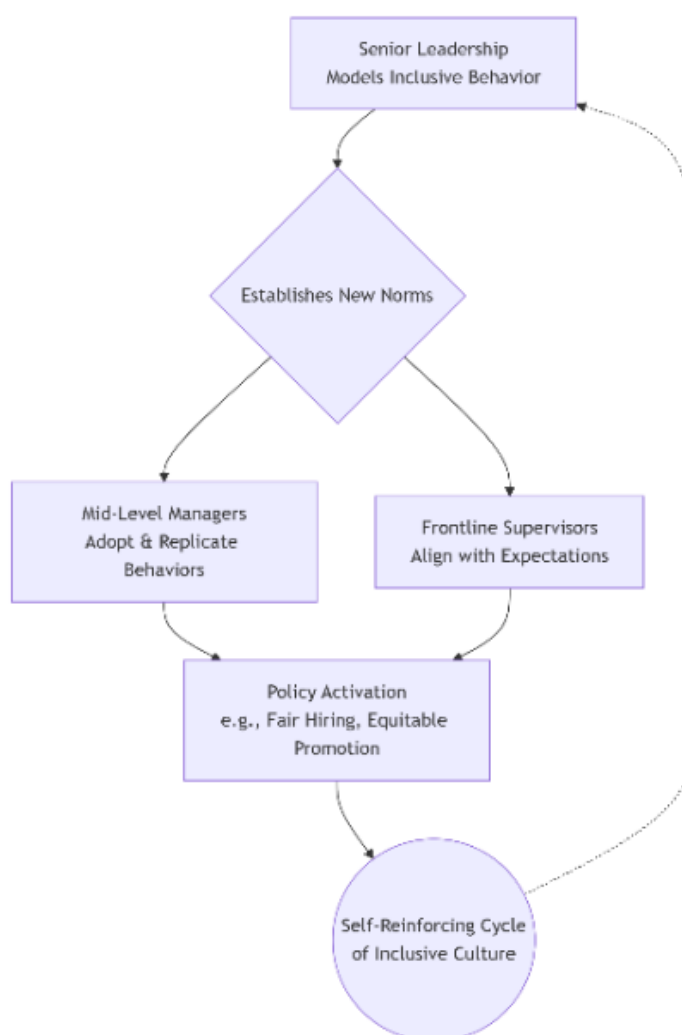


Figure 2. The Cascading Model of Inclusive Leadership

The graph as shown in Figure 2 effectively illustrates the dynamic, multi-level process through which inclusive leadership transforms organizational culture, moving beyond the limitations of static policy documents. It visually demonstrates how senior leaders, by consistently modeling inclusive behaviors, establish new norms that cascade downward to influence mid-level managers and frontline supervisors. This "trickle-down" effect is crucial

for activating formal D&I policies in daily practices, such as hiring and team management, ensuring they are implemented consistently across the organization. Ultimately, the model captures the powerful, self-reinforcing cycle that is created, where widespread behavioral adoption at all levels continuously strengthens the overall inclusive culture, making it sustainable and deeply embedded rather than dependent on any single initiative or leader. Ultimately, the role of the leader as a catalyst is to bridge the critical gap between the intent of D&I structures and their tangible impact on the employee experience. While policies provide the necessary framework and rules of the game, it is the daily actions and decisions of leaders that determine whether employees feel truly included, heard, and empowered. An inclusive leader does not just implement a policy; they champion its spirit, advocate for its purpose, and hold themselves and others accountable to its goals. In this way, they move the organization from a state of passive diversity—simply having a mix of people—to one of active inclusion, where that diverse mix is fully engaged, collaborative, and innovative, thereby unlocking the full strategic value of the organization's D&I investments.

CONCLUSION

This study unequivocally demonstrates that inclusive leadership is not a peripheral component of diversity and inclusion strategy, but rather the fundamental catalyst that determines its success or failure. The findings confirm a strong, positive correlation between the presence of leaders who exhibit core competencies—such as courage, curiosity, and cultural intelligence—and critical organizational outcomes, including heightened psychological safety, a robust sense of belonging, and reduced turnover intent. The research elucidates the mechanism behind this success: inclusive leaders actively bridge the gap between policy and practice. They transform static D&I initiatives into dynamic, lived experiences by embodying their principles in everyday actions, from conducting equitable hiring processes to fostering an environment where every voice is heard and valued.

Therefore, the pursuit of a genuinely inclusive organization must be reconceptualized as a leadership development challenge first and foremost. Forging a sustainable competitive advantage through diversity requires a deliberate and strategic investment in identifying, cultivating, and rewarding inclusive leadership at every organizational level. When leaders are equipped to act as authentic champions and cultural architects, they create the necessary conditions for diversity to thrive, innovation to flourish, and all employees to feel they truly belong. This leadership-driven approach is the most critical step in moving beyond performative compliance and toward building a resilient, equitable, and high-performing organization.

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