Transformational leadership, organisational rich culture, and sustainability: a mediating role of an inclusive environment

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Transformational leadership, organisational rich culture, and sustainability: a mediating role of an inclusive environment

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Abstract: Workforce diversity is a rising phenomenon that challenges the role of leadership and organisational culture to attain sustainable performance. The study intends to identify and explore the role of transformational leadership and organisational rich culture as the focal predictors of an inclusive environment that can lead to organisational sustainability. Hypotheses in this deductive research study were developed by covering the research gaps identified in the prior studies. Primary data collected from 392 employees associated with service sector organisations was analysed using SPSS 25.0 to test the hypotheses empirically. The findings revealed that transformational leadership and organisational rich culture are the key predictors of organisational inclusive environment and sustainability. However, organisational inclusive environment partially mediates the relationship between transformational leadership, organisational rich culture, and organisational sustainability. The study benefits the corporate leaders, human resource professionals, and organisations opting for an equal employment opportunity (EEO)/diversity/inclusiveness concept.

Keywords: EEO; equal employment opportunity; diversity; inclusiveness; organisational culture; transformational leadership; human resource management; sustainability.
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Biographical notes: Tahir Masood Qureshi holds MBA, MS, and PhD in Management/HRM, along with World Bank/IFC ToT, ToMT Certifications, in addition to securing Academic FCIPD status. He is a recipient of nine research, teaching and training awards from the institutions of international repute. He has been extensively involved in the CAA and AACSB accreditation processes. He is a member of world high-ranked societies such as the Chartered Institute of Personnel Development (CIPD), Academy of Management (AoM), Society of Human Resource Management (SHRM), and International Finance Corporation/World Bank. His training and research interests are related to micro, international, and strategic human resource management. He has done over 100 training sessions with 30+ organisations and 20+ research projects in 10 countries. Furthermore, in addition to 46 research publications, there are two books and 45+ international conference presentations in his credit.

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Sonia Singh, Director of Toss Global Management, is an education and management consultancy company with operations in India and UAE. She is a Researcher, Educator, Administrator, and Corporate leader. She served in India and abroad in various capacities. Previously, she served as Group HR Director at LIN SCAN, one of the leading Oil and Gas companies with eight offices around the world, including UAE, Russia, India, Canada, Egypt, Minsk, Singapore, and Malaysia, operations in 56 countries and more than 800 employees on board. She is the Editor, Guest Editor of Scopus Indexed, ABDC, and Web of Science Journals.

1 Introduction

Workforce diversity continually enriches organisations (Shore et al., 2018). One of the focal predictors of an organisational inclusive environment (workforce diversity) is the dedicated leadership that facilitates a diverse workforce by considering cultural differences (Ashikali, 2018). Organisational leadership shall be able to mitigate the counterproductive behaviours of the employees and develop an inclusive atmosphere to exhibit their optimum performance. Organisations that involve employees indecision-making gain better performance and sustainability in diversified environments under appropriate leadership (Sabharwal, 2014; Noe et al., 2017). Creating an inclusive
Transformational leadership, organisational rich culture, and sustainability

environment is the amalgamation of proper leadership style, respect for multicultural perspectives, and the ability to maintain equity at the workplace (Meier et al., 2018). Organisations endeavour to adopt a framework characterised by inclusiveness that enhances performance (Yang et al., 2017). Miller (1998) defined inclusion as diverse viewpoints and frames of reference strengthening organisations to acquire competitive advantages in teamwork. The transformational leadership at inclusive organisations values unique characteristics of multiculturalism, and a diverse workforce exhibits tolerance to the various ethnic/racial groups and minorities (Moon, 2016). Separately all the concepts are comprehensively researched in different parts of the world. However, there is a dearth to test these concepts together with organisational sustainability (Lutz and Tadesse, 2017). The main objective of this study is to explore the impact of transformation leadership and organisational rich culture on organisational sustainability and to test the mediating role of an inclusive environment.

2 Study background

An inclusive environment of the organisation is believed to be one of the core factors of organisational sustainability by seasonal researchers. Shore et al. (2018) and Mor Barak (2019) defined an inclusive organisation as a place where individuals from different social identities feel valued and unique and have a chance to participate in organisational decision-making. On the other hand, Inclusive organisations function with diverse professionals in a learning-centric environment that values different people’s contributions and diversified perspectives. Inclusive organisations recruit, motivate, and retain diversified human resources to reflect the ethnic and racial composition of the societies they serve (Borry et al., 2021).

In the Gulf Cooperation Council (GCC) countries, the concept of inclusive organisation is getting paramount importance because of growing migration trends and the adoption of advanced technologies in the region (Waxin et al., 2018). These trends accelerated the conversion speed of homogeneity of the workforce to heterogeneity and changed their level of participation and commitment toward organisational performance and sustainability. Early and newly established labour-intensive organisations in the region are operating with a diversified workforce with considerable opportunities enabling them to contribute at individual and team levels. Countries in this region are eye-catching to the entire world because of attractive business and employment opportunities. UAE represents the most diversified economy with strong economic growth in the last decades (Kalaitzi and Cleeve, 2018). Since the 2020 World Expo (postponed to 2021) has been declared to be hosted by Dubai, more global brands and corporations have started establishing their presence in this region. Regionally diversified businesses are sourcing and recruiting from different countries across the world. This diversity is a challenge for some organisations, while others try to move to the next level – organisational inclusiveness.

Some substantial hard and soft costs might occur to the organisations for not associating with inclusiveness initiatives. Hard cost happens because of missing business opportunities, and soft cost occurs due to low innovation and creativity. Failing to be inclusive affects organisational ability to convey their offerings to different stakeholders and understand their requirements that causes failure to achieve organisational sustainable performance. Hence, considering labour force diversity in the region and the
importance and value of inclusiveness, the current study is based on the research question: Does an inclusive environment mediate the relationships amongst transformational leadership, organisational rich culture, and sustainability in the service sector of the GCC.

3 Review of literature

3.1 Diversity management and performance

Many researchers have investigated the connection between diversity, management mechanisms, and organisational performance (Moon, 2016; Lutz and Tadesse, 2017; Shore et al., 2018; Warner and Moonesar, 2019). Organisational practices, including communication methods, flexible working hours, alternative work arrangements, and mentoring support, are the focal aspects of managing diversity that leads to better organisational performance (Manoharan et al., 2019). If diversity management practices are mishandled, they generate counterproductive behaviour concerning the workplace environment (Sabharwal, 2014; Lawal and Akingbade, 2018). Recruiting a diverse workforce is deemed a crucial predictor of competitive advantage that optimises organisational performance in return. A significant relationship between organisational diversity management frameworks and the productivity of ethnic/racial groups or minorities at the workplace has been found (Pitts, 2009). Diversity significantly predicts human capital productivity (Chua, 2018). Moreover, it has been established that personnel belonging to various ethnic/racial or minority groups may experience exclusion from networking and decision-making (Zhuwao et al., 2019). The presence of diversity has been proven to be the strongest predictor of an organisational inclusive environment (Jekelle, 2021). Groups from more distinct and heterogeneous multicultural backgrounds tend to familiarise themselves more and interact more with a broader range of perspectives, consequently enabling organisations to generate desired positive outcomes. Workforce diversity is strongly associated with personnel innovation (Khan et al., 2021) and creativity (Obsuwan et al., 2021) concerning job performance due to the amalgamation of distinct competencies, skill sets, cultural background, and cognitive frame of reference that a heterogeneous workforce possesses (Seliverstova, 2021).

Diversity management practices have evolved gradually in the past few decades. In the late 1960s, the critical diversity management approaches were radial and liberal. The former was a component of the positive discrimination narrative; on the other hand, the latter path was related to the equality principle. Diversity management was defined as the deployment of HR management activities for sustaining changes in the organisational human resources and guarantees that these changes do not have adverse implications on the accomplishments of the workplace objectives. According to (Dennissen et al., 2020), the notion of diversity management is considered valuing organisational personnel disparities and robustness in adapting to such inequality.

It has been further noted that the phenomenon of diversity management has obtained an enormous appreciation in contemporary work settings. It is a dilemma that promoted affirmative action (AA) and equal employment opportunity (EEO) laws. Workplace productivity is the practice of a particular job that provides adverse or favourable outcomes (Manoharan et al., 2019). Vanderschuere and Birdsall (2019) indicate that diversity management practices are significantly associated with employee work
performance and job satisfaction. In addition, the positive diversity environment at the workplace substantially contributes to greater organisational commitment, higher work performance, and low turnover intention amongst the employees (Manoharan et al., 2021). More recently, the literature concerning work-specific diversity indicates that the environment attributed to human capital diversity management strengthens the correlation between diversity management and workplace outcomes among the organisational personnel (Moon and Christensen, 2020). Diversity management and merit-centric HR practices significantly affect workplace performance (Park and Liang, 2020).

Moreover, robust rules concerning diversity management have strengthened the positive merit-centric organisational activities, optimising the overall workplace performance. It indicates that diversity management practices also deploy the workforce as per their areas of specialisation and expertise, thereby leading to better workplace performance. Hence, diversity management at the workplace sustains a positive working climate by enabling the organisational personnel merit-centric work opportunities to optimise human capital competencies for better work productivity (Park and Liang, 2020).

Based on resource-based theory, it can be argued that a heterogeneous workforce produces organisational core competencies. The empirical evidence of (Fink et al., 2003) postulated that gender diversity is the strongest predictor of high organisational performance. Zhuwao et al. (2019) supported the argument that the organisational competitive advantage is mainly based on a diverse workforce.

3.2 Moving beyond diversity management

In 1990, the notion of diversity management was introduced to develop an inclusive environment in the organisations for empowering the workforce to attain their optimum performance to achieve organisational goals. Diversity management is based on organisational endeavours to promote cultural consciousness, realistic management, and leadership styles. The contemporaneous agreement on managing diversity requires swapping between passive approaches (valuing diversity) and active approaches (managing diversity). Active approaches concerning diversity management include professional development programs, training, accountability, succession planning, and alternative work settings (Roberson, 2006). Inclusion is a leading paradigm for managing diversity in organisations (Choi and Rainey, 2010). Diversity as a discourse refers to an idea socially constructed regarding disparities between persons that could amalgamate to generate ‘particular versions of events’ that differ across social contexts (Fernando, 2021). The diversity management research is attributed to a polarisation between critical and mainstream approaches. Janssens and Zanoni (2021) critical approaches understand the diversity as a socially constructed phenomenon and conceptualised in diverse ways by several actors attributed to conflict and dilemmas. While mainstream approaches are understood in socio-categorical dimensions, i.e., race, age, and climate (Küskü et al., 2021).

Diversity management is considered an initial step in penetrating inclusiveness in the organisations (Sabharwal, 2013). An inclusionary organisational framework appreciates the diversity in the workforce and values diversity by establishing level playing fields that strengthen the organisational decision-making process, which generates
organisational ability to solve complex problems and increase performance. An inclusive corporate environment is characterised by pre-defined values and norms that steer the company’s daily workplace operations. The concept of inclusiveness is based on consistently evolving behaviour in terms of respect and mutual trust concerning the organisational work settings (Nishina et al., 2019). Although managing diversity is the core part of inclusive organisational behaviour, organisations usually overlook the consequences of exclusion (Groeneveld and Verbeek, 2012). Moreover, corporate diversity management endeavours are significantly related to optimising organisational recruitment and training strategies directed to minorities. The critical emphasis of inclusion is on mitigating personnel performance obstacles (Roberson, 2006).

3.3 Conceptualising workplace inclusion

Inclusion is the prime aspect of diversity management and has been established on sound moral principles (Nishina et al., 2019). It refers to how organisational personnel is valued and treated by the leadership. The notion of inclusion explains how the entire social identities of the groups are appreciated and admired by their organisations. Inclusion in organisations is based on equality and fair treatment that enables the organisations to appreciate the unique multicultural hallmarks of the diverse workforce. By demonstrating positive inclusive goodwill gestures, organisations eliminate barriers, ensure optimum employee participation and develop a sense of belongingness amongst employees (Chen and King, 2018). Inclusion refers to an organisational culture where individuals or groups from distinct racial/ethnic backgrounds are permitted to share their perceptions and viewpoints and collectively participate in the organisational processes (Chen and King, 2018). The literature about organisational inclusion has gained popularity among scholars, despite the scarcity of empirical and conceptual taxonomies and paradigms. Mor Barak (2000) demonstrated that organisational culture and diversity are the substantial predictors of exclusion-inclusion behaviours that reciprocate and lead towards personal wellbeing, job commitment, satisfaction, and performance. Nembhard and Edmondson (2006) emphasised the role of transformational leadership in optimising inclusive behaviour by evaluating the follower attribution towards inclusive gestures. Leadership inclusive behaviour is the strongest predictor of followers’ sense of engagement with organisations and safety. Nishi and Mayer (2009) portrayed that the leadership of diverse organisations predicts a low level of personnel-organisational identification and high levels of leader-member exchanges coupled with reduced employee turnover. Hooper and Martin (2008) also came to similar conclusions by arguing that variations in leader-member exchange relationships are negatively associated with employee wellbeing and job satisfaction.

Both the practitioners and academicians are showing greater interest in diversity management at workplace (Buengeler et al., 2018) and in facilitating organisational personnel to feel included in diverse organisational settings. Miminoshvili and Černe (2021) conceptualised inclusion as a scale for the extent to which organisational personnel feel themselves as an integral component of the work processes. Conceptualising the incumbent’s perceptions regarding inclusion are crucial due to an array of job outcomes, including workplace commitment, job satisfaction, and the employee wellbeing (Chaudhry et al., 2021). Fair treatment at the workplace is a component of inclusion that prevails across the work settings when they establish trust.
between managers and subordinates. This eventually results in enhanced productivity and social attitudes among the organisational personnel, which leads to better performance. On the other hand, unfair situations could be very counterproductive for the workplace. Hence, it is imperative to comprehend due to the work-specific factors manipulated by the incumbent perceptions concerning fair workplace treatment and job satisfaction (Brimhall and Mor Barak, 2018).

Workplace studies have depicted that sustaining linkages with other organisations is not a desire for associating but also a cognitive desire of the incumbents. When an individual is rejected or ignored by other groups or individuals at the workplace, this, in turn, mitigates his or her sense of self-esteem and belongingness with the workplace (Machin and Jeffries, 2017). It has been evident that inclusiveness fulfils and consolidates people’s collective needs and correlates significantly with a sense of achievement. It nurtures and cultivates social acceptance and reflective connections. Nevertheless, few corporate entities make people feel isolated and insecure (Bryer, 2020). A considerable literature has highlighted the phenomenon of belongingness by asserting that it is a focal component of inclusion. However, individuality is equally imperative in diverse organisational work settings because it brings creativity and innovation to the organisation. In addition, exclusive perspectives and talents in the organisation engender a sense of belongingness and self-esteem (Chen and Tang, 2018).

Employee perceptions of being excluded or included in social groups lead to creating a balanced power structure that enables organisations to nurture diversity (Gonzalez and Denisi, 2009). Diversity in a working environment is based on the employee perceptions that organisations appreciate and value the contributions of various multi-culturally diverse groups (Gelfand et al., 2008). It has been suggested that organisational justice (procedural and distributive) concerning the fair treatment with diverse groups enables organisations to nurture an inclusive environment, which consequently contributes to organisational citizenship behaviour, employee job commitment, and service quality (Shore et al., 2018).

Hope Pelled et al. (1999) emphasised that employee access to important work-centric information, job safety, and participation in the decision-making process leads to organisational inclusiveness. Moreover, employee working tenure and education level are positively correlated with an inclusive framework while gender and ethnicity/race are negatively related to inclusion. Roberson (2006) aligned inclusion with the organisational desired positive outcomes, including mitigation of workplace conflicts, collaborative work settings, and involvement of employees in the organisational decision-making process.

The diverse and inclusive organisational climate must be representative of a multi-culturally diverse workforce and should be able to nurture preferences and flexibility regarding the work settings (Gasorek, 2000). The essential hallmarks of organisational leadership are facilitating frank and open communication patterns in organisations (Davidson and Ferdman, 2002; Pless and Maak, 2004). Organisations must ensure the provision of significant insights about critical information to their personnel and access to network resources concerning their job descriptions, enhancing the overall job performance (Mor Barak et al., 1998; Hope Pelled et al., 1999). In addition, employees should be triggered towards work engagements and must perceive that their contributions are appreciated and valued in organisations (Pless and Maak, 2004). Personnel participation in an organisational decision-making process is the strongest
predictor of inclusion, reducing organisational obstacles (Gasorek, 2000). It has been suggested that employees shall be empowered in terms of their career preferences and autonomy of work, and organisations should value employee contribution by treating them fairly.

3.4 Transformational leadership, inclusive environment, and sustainability

The notion of self-awareness is related to leaders’ deep understanding of their values, preferences, and competencies. Relational transparency is concerned with integrity and openness in mutual interactions. The attribute of balanced processing is based on distinct perspectives concerning the leader decision-making framework. Finally, an internalised moral philosophy represents the creation of integrity by using follower values and well-calculated external benchmarks to guide others’ attitudes and behaviour. Recent studies on diversity management emphasise the significance of leadership styles such as transformational leadership, diversity management, and organisational positive workplace outcomes (Ashikali, 2018). From diversity and its management perspectives, transformational leaders are considered as inspirational and charismatic in terms of aligning organisational and employee goals which in turn, enables organisations to modify their cultural attributes and processes (Bass and Avolio, 1993; Moynihan et al., 2012; Van Wart, 2013). Transformational leadership influences followers to perform above expectations (Bass et al., 2003; Martin, 2015). As organisational personnel becomes more inclusive and diverse, so should leadership styles transform to manage diversity (McCallaghan et al., 2019). From all, the style transformational leadership unlocks potential that is valuable to managing workplace diversity (Bhutto et al., 2021).

On the other hand, diversity could be very fruitful and innovative (Sung and Choi, 2021). A workplace diversity attributed with inclusive culture matters for employee socio-cultural adjustments across the organisational work settings. According to (Sutton, 2021) transformational leadership at the workplace could stimulate and direct organisational personnel towards a new set of organisational behaviours and values. In addition, transformational leadership is seen as a role model for the followers at the workplace as they inspire followers to achieve a collective vision. Relying on the diverse sets of mentoring, a leadership with transformational hallmarks would be crucial for elevating the recognition of group objectives and performance (McCallaghan et al., 2019).

It has been evident that a transformational leadership style is the strongest predictor of several positive work-related outcomes and performance (Burke et al., 2006). However, these manifestations are conditioned by various antecedents, such as personal attributes, job hallmarks, and work settings.

The diversity scholars expect a dual effect of transformation leadership by fostering positive effects and mitigating adverse impacts of diversity on personnel work-related outcomes (Kearney and Gebert, 2009). Initially, by providing individualised considerations and intellectual stimulations, transformational leaders are more likely to optimise the follower ability to comprehend task-related insights. These two hallmarks strongly predict the follower motivation with their job descriptions and increase the elaboration of the organisational processes. Secondly, transformation leadership is the focal predictor of organisational ability to cope with the negative results of categorisation
Transformational leadership, organisational rich culture, and sustainability

by exhibiting a sense of team collaboration and identification (De Vries and Homan, 2008). Moreover, it has been found that transformational leadership is expected to shape and nurture an inclusive culture in organisations where diverse workgroups feel valued and respected. This, in turn, enhances the level of employee commitment to the job. Based on the above literature following research hypotheses are developed:

H1: Transformational leadership significantly contributes toward organisational sustainability.

H2: Organisational inclusive environment significantly contributes towards organisational sustainability.

H3: Transformational leadership significantly contributes toward an organisational inclusive environment.

H4: Organisational inclusive environment mediates the relationship between transformational leadership and organisational sustainability.

3.5 Organisational rich culture and inclusion

For creating a multicultural environment, organisations must be dedicated to the change process by clearly defining and elaborating on the mission and vision coupled with legal, moral and business perspectives inevitable for the change process (Allen and Montgomery, 2001; Booysen, 2007). It is imperative for leaders to define their expectations from multicultural organisations and to be clear regarding the kind of cultural parameters they desire to establish (Thomas et al., 2002). Organisations should address all the cultural biases and ethnocentric prejudices that the multicultural workforce possesses by integrating organisational norms and values within minority groups (Cox, 2001). Organisational culture should be created to enable organisations to handle diversity management effectively.

Undoubtedly, inclusion is a focal component of diversity acceptance and must be developed on solid ethical grounds. Inclusion is how others accept and treat an incumbent as a component of a holistic working framework. It mainly concerns how the firms appreciate the entire group’s social identity, nurtures a climate that provides fair opportunities to be heard, and acknowledge the disparities as exclusivity by eliminating hurdles to ensure optimum involvement and cultivating a perception of belongingness (Travis et al., 2019). Inclusion is a culture prevailing across work settings when members of entire organisational groups are permitted to share their perceptions and jointly indulge in the core corporate practices (Panicker et al., 2018). Inclusive practices energise the sense of acceptability of exclusivity among the organisational personnel. Access to critical datasets and involvement in decision formulation, handling disputes, absence of stereotyping, and anti-discrimination across the organisational work settings are a few factors that are strongly associated with workplace inclusion (Shore et al., 2018). Many researchers focused on identifying the correlation between positive feelings of organisational personnel towards their workplaces and levels of commitment leading to OCB (Goswami and Goswami, 2018). In a nutshell, if organisational personnel is reasonably treated, it will develop a sense of responsibility and confidence in terms of job commitment, OCT, and better job performance. An understanding of being excluded or included by others in shared groups
and a climate of justice-related events about the balance of power are the focal predictors of diversity (Mor Barak et al., 2021). An inclusive culture embraces the entire procedures, strategies, and actions of corporate agents that support equitable treatment of entire societal groups. It has been evident that the feelings of collective justice concerning fair treatment across the levels of workgroups enhance an inclusive culture, which consequently leads to positive workplace outcomes.

Diversity scholars categorised the diversity management approaches by arguing that inclusion and diversity should be managed at personal, interpersonal, and organisational levels. At the personal level, it is inevitable for the organisations to be familiar with unconscious strategies, prejudices, and biases possessed by the diverse workforce. Moreover, the organisation should understand the hindrances and obstacles of the diverse workforce, examine similarities and dissimilarities and appreciate and value diversity. Those organisational initiatives can shape, nurture, implement and sustain a multicultural diversity perspective. Schultz et al. (2008) recommended that organisations should indulge in constant understanding and learning regarding diversity hallmarks and behaviours. At the interpersonal level, it is required to penetrate the culture of equity, fairness, and respect concerning the mutual interactions among individuals from diverse backgrounds. It can be achieved by nurturing and fostering employee participation insignificant matters and mitigating workplace conflicts by ensuring care for the others. To manage diversity at the organisational level, organisations should endeavour to develop rich organisational culture comprised of different types. Clan oriented-family-type culture by focusing on team working, developing people through mentoring and counselling; adhocracy oriented- by focusing on innovation, risk-taking, and moving first; market-oriented- by focusing on competition, achievements, and results; and hierarchy oriented- by focusing on efficiency, consistency, stability and adequately doing the things.

Moreover, organisations must develop a plan of action for mitigating diversity barriers by providing the necessary resources. Employees are also required to align with the diverse groups and actively support organisation endeavours to achieve diversity and inclusion (Griggs and Louw, 1995). The preceding literature tested empirical relationships of organisational culture with an inclusive environment and sustainability using direct and indirect ways. Therefore, the following research hypotheses are developed to cover the research gap in the field:

**H5:** Organisational rich culture significantly contributes towards an organisational inclusive environment.

**H6:** Organisational rich culture significantly contributes towards organisational sustainability.

**H7:** Organisational inclusive environment mediates the relationship between organisational rich culture and organisational sustainability.

### 4 Methodology

The directional and meditational hypotheses were developed using positive epistemology and a deductive approach. The theoretical model portrayed in (Figure 1) was developed based on literature gaps and showed variables interconnectivity. It is demonstrated among
Transformational leadership (TL), organisational commitment (OC), organisational inclusive environment (OIE), and organisational sustainability (OS).

4.1 Instrument

Primary data were collected using a questionnaire developed on a five-point Likert scale. Items were optioned with interval, nominal, and ordinal scales. After a comprehensive literature review, 22 items were tweaked and adapted, seven for transformational leadership, five for organisational rich culture, five items refer to the organisational inclusive environment, and five are related to organisational sustainability.

4.2 Pre-pilot and pilot study

To test the validity of the scale pre-pilot study was conducted. For this purpose, the Index of the item-objective congruence (IOC) proposed by Rovinelli and Hambleton (1977) was used. The questionnaire was given to the five experts in the field to rate each item as +1 for the item to be included, 0 for not clear items, and -1 for items not to be included. Pongpaew (2009) introduced a formula (IOC = sum of agreements to include items/number of experts) that was used to make a final decision about item/s to be included and excluded from the final scale version. Since there was no score less than (0.5), all 22 items were included in the final version of the questionnaire. The modified questionnaire was used to collect data for a pilot study from 37 employees working in the government sector of the United Arab Emirates. Overall data reliability for the pilot study was ($\alpha = 0.874$). Since the instrument was reliable, data collection for the main study was initiated.

4.3 Sampling method and data collection

In this cross-sectional study, primary data were collected using closed-ended questions through surveys. Using systematic random sampling techniques respondents were
identified. The target population for the study was employees working in different government sectors of GCC countries. All together 450 questionnaires were distributed amongst the employees working in the government sector. Study elements were selected from the health, transportation, education, telecommunication, and banking sectors. The respondents were approached using email ids and WhatsApp numbers. After seven days, the first reminder was sent, while the second reminder was routed after 15 days. The data was gathered in google forms and later imported into SPSS 26 for detailed analysis. Table 1a shows a detailed sample size and response rate. Altogether 392 (87 %) employees responded out of 450, whereas 75 questionnaires were distributed per country. Responses from different countries were UAE 71, Bahrain 64, Kingdom of Saudi Arabia 66, Oman 62, Qatar 65, and Kuwait 64. The sample size was determined to generalise the results over all sectors and regions. When the study population is unknown, a 384 sample size is enough to reach reliable results (Sekaran and Bougie, 2016).

### Table 1a  Sample and response rate

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Countries</th>
<th>Samples size</th>
<th>Responses</th>
<th>% response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>UAE</td>
<td>75</td>
<td>71</td>
<td>94.67</td>
</tr>
<tr>
<td>2</td>
<td>Bahrain</td>
<td>75</td>
<td>64</td>
<td>85.33</td>
</tr>
<tr>
<td>3</td>
<td>Kingdom of Saudi Arabia</td>
<td>75</td>
<td>66</td>
<td>88.00</td>
</tr>
<tr>
<td>4</td>
<td>Oman</td>
<td>75</td>
<td>62</td>
<td>82.67</td>
</tr>
<tr>
<td>5</td>
<td>Qatar</td>
<td>75</td>
<td>65</td>
<td>86.67</td>
</tr>
<tr>
<td>6</td>
<td>Kuwait</td>
<td>75</td>
<td>64</td>
<td>85.33</td>
</tr>
<tr>
<td>6 countries</td>
<td>450</td>
<td>392</td>
<td></td>
<td>87.11</td>
</tr>
</tbody>
</table>

### 5 Results and discussion

To find out the answer to the research questions, the collected data were empirically tested using SPSS 25.0. Reliability, correlation, regression, and mediation analyses were performed to test the proposed causal and mediational hypotheses.

#### 5.1 Reliability analysis

Cronbach coefficient alpha ($\alpha$) shall be calculated to test the reliability (Hayes and Krippendorff, 2007). A value less than ($\alpha < 0.6$) shall not be considered for analysis. However, more than ($\alpha > 0.6$) can be used for analysis but is considered as weak, and the value ($\alpha > 0.07$) is considered a decent reliability value (Sekaran and Bougie, 2016). Table 1b displays the combined reliability value ($\alpha = 0.934$) for all the items. The reliability value for each subscale is as follows: transformational leadership ($\alpha = 0.778$), organisational rich culture ($\alpha = 0.667$), organisation inclusive environment ($\alpha = 0.752$), and organisational sustainability ($\alpha = 0.754$). It can be concluded that the instrument is reliable; hence analysis of data collected is legitimate.
Transformational leadership, organisational rich culture, and sustainability

5.2 Correlation analysis

To explore relationship among study variables the correlation (given in Table 2) is calculated. Correlation value of organisational sustainability with transformational leadership is ($M = 3.883$, $SD = 0.626$, $r = 0.740$, sig $= 0.000$), with organisational rich culture ($Mean = 3.708$, $SD = 0.605$, $r = 0.714$, sig $= 0.000$), with organisation inclusive environment ($Mean = 3.719$, $SD = 0.617$, $r = 0.812$, sig $= 0.010$). This shows existence of significant and positive interrelationship amongst the study variables. Similarly, the relationship of different variables with an organisation inclusive environment, such as organisational sustainability ($r = 0.843$, sig $= 0.010$), transformational leadership ($r = 0.709$, sig $= 0.000$), and organisational rich culture ($r = 0.709$, sig $= 0.000$). These values indicates meaningful significant relationship amongst the tested variables.

Table 2  Correlation analysis (OS, TL, ORC, and OIE)

<table>
<thead>
<tr>
<th></th>
<th>$M$</th>
<th>SD</th>
<th>OS</th>
<th>TL</th>
<th>ORC</th>
<th>OIE</th>
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<tbody>
<tr>
<td>Organisational sustainability (OS)</td>
<td>3.947</td>
<td>0.644</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational leadership (TL)</td>
<td>3.883</td>
<td>0.626</td>
<td>0.740**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisational rich culture (ORC)</td>
<td>3.708</td>
<td>0.605</td>
<td>0.714**</td>
<td>0.589**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Organisational inclusive environment (OIE)</td>
<td>3.719</td>
<td>0.617</td>
<td>0.812**</td>
<td>0.843**</td>
<td>0.709**</td>
<td>1</td>
</tr>
</tbody>
</table>

*p < 0.01, **p < 0.05, SD = Standard deviation, $M$ = Mean value.

5.3 Regression analysis: OIE, TL, and ORC as (independent) and OS as (dependent) variables

To test the hypotheses (H1: Transformational leadership significantly contributes towards organisational sustainability, H2: Organisational inclusive environment significantly contributes towards organisational sustainability, and H6: Organisational rich culture significantly contributes towards organisational inclusive environment) the data were regressed considering organisational sustainability as a dependent, and organisation inclusive environment, transformational leadership, and organisational rich culture as independent variables.

Table 3 indicates the multiple regression values. The analysis revealed that organisational inclusive environment ($\beta = 0.847$,$ p = 0.000$), transformational leadership ($\beta = 0.762$,$ p = 0.000$), and organisational culture ($\beta = 0.759$,$ p = 0.000$) are significantly
contributing towards organisational sustainability. These values evidence the acceptance of the tested hypotheses.

Table 3  Regression analysis (OIC, TL, and ORC with OS)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Std. β</th>
<th>Sig.</th>
<th>Adjusted $R^2$</th>
<th>F value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation inclusive environment (OIE)</td>
<td>0.847</td>
<td>0.000</td>
<td>0.658</td>
<td>752.985</td>
<td>0.000</td>
</tr>
<tr>
<td>Transformational leadership (TL)</td>
<td>0.762</td>
<td>0.000</td>
<td>0.547</td>
<td>472.426</td>
<td>0.000</td>
</tr>
<tr>
<td>Organisational rich culture (ORC)</td>
<td>0.759</td>
<td>0.000</td>
<td>0.508</td>
<td>405.469</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Std. = Standardised β, Sig. = Significant.

5.4 Regression analysis: TL and ORC as (independent) and OIE as (dependent) variables

To test (H3: Transformational leadership significantly contributes towards the organisational inclusive environment, and H5: Organisational rich culture significantly contributes towards organisational inclusive environment) multiple regression analysis was performed and the resulting output is shown in Table 4.

Table 4  Regression analysis (TL, and ORC with OIC)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Std. β</th>
<th>Sig.</th>
<th>Adjusted $R^2$</th>
<th>F value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational leadership (TL)</td>
<td>0.831</td>
<td>0.000</td>
<td>0.71</td>
<td>956.694</td>
<td>0.000</td>
</tr>
<tr>
<td>Organisational rich culture (ORC)</td>
<td>0.722</td>
<td>0.000</td>
<td>0.501</td>
<td>394.312</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Std. = Standardised β, Sig. = Significant.

It is identified that transformational leadership significantly contributes toward an organisational inclusive environment. The analysis values for transformational leadership ($β = 0.831, p < 0.05$) and for organisational rich culture ($β = 0.722, p = 0.000$) are evidencing the acceptance of tested hypotheses.

5.5 Mediation analysis

Following the recommendations of (Baron and Kenny, 1986), mediation analysis was conducted to test the hypotheses (H4: Organisational inclusive environment mediates the relationship between transformational leadership and organisational sustainability, and H7: Organisational inclusive environment mediates the relationship between organisational rich culture and organisational sustainability). Figure 2 and Table 5 are evidencing significant impact of transformational leadership on organisation inclusive environment ($β = 0.831, p < 0.05$), transformation leadership on organisational sustainability ($β = 0.762, p < 0.05$) and organisation inclusive environment on organisational sustainability ($β = 0.847, p < 0.05$). Since all three relationships are significant, mediation conditions are met. Therefore, further analysis was performed on the existence of mediation.
The mediation analysis showed that the effect of transformational leadership is significant \( (\beta = 0.762, \ p < 0.05) \); however, after introducing organisation inclusive environment, the beta value of transformational leadership was reduced to \( (\beta = 0.199, \ p < 0.05) \), however significance remained same. These results evidence the existence of partial mediation as per (Baron and Kenny, 1986).

Since the previous tests have shown significant relationships between organisational rich culture and inclusive environment \( (\beta = 0.722, \ p < 0.05) \), transformational leadership and organisational sustainability \( (\beta = 0.762, \ p < 0.05) \), organisation inclusive environment and organisational sustainability \( (\beta = 0.847, \ p < 0.05) \). Hence, the empirical test of organisation inclusive environment as a mediator between organisational rich culture and organisational sustainability is legitimate.

The detailed analysis results are shown in Figure 3 and Table 6.
The mediation analysis results are showing that organisational inclusive environment carries significant effect ($\beta = 0.489$, $p < 0.05$). However, the beta value for organisational rich culture is reduced from ($\beta = 0.744$, $p < 0.05$ to $\beta = 0.403$, $p < 0.05$), these results are supporting the hypothesis and showing partial mediation effect.

6 Conclusion and recommendations

This study examined the impact of transformational leadership, inclusive environment, organisational rich culture on organisational sustainability in the service industry, including health, transportation, education, telecommunication, and banking sectors operating in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. The literature review highlighted the growing importance of understanding the inclusive environment in organisations to run smooth operations. However, the effect of organisation inclusive environment as a mediator between organisational rich culture and transformational leadership on one and organisational sustainability on the other side has hardly been tested in the GCC region in the preceding research. This study aims to fill the literature gap by testing the direct and indirect pathways toward organisational sustainability. Analysis revealed that organisations operating in the GCC countries are inspired by diversified and inclusive environments evidencing the impact of transformational leadership and organisational rich culture on organisational inclusive environment and sustainability. The study contributes to the ecological system theory by identifying the importance of tested factors and organisational focus on an inclusive environment. Needless to mention that an inclusive environment not only impacts organisational sustainability but also contributes to the improvement of the regional economy and society.

The study emphasises on the importance of an inclusive work environment to maintain organisational sustainability and stresses the need for a manageable inclusive culture in organisations operating in the GCC region since it can develop and sustain organisational and regional sustainability in the short and long run. Organisations in the service sectors are recommended to create an inclusive culture by employing professionals responsible and developing their KPIs to assess the organisational sustainability. Transformational leaders should plan, organise, control, lead and engage the diversified workforce to attain optimal productivity for corporate sustainability. Responsible professionals in the organisations shall be trained to do proper sourcing, recruitment, and selection of a diversified workforce to maintain the best organisational, job, and person fit. Nurturing such practices will lead to building a collegial working environment. Inclusive culture help organisations to attain higher employee and organisational performance, but the recruitment of homogeneous work incumbents can trigger an organisational fiasco. The process can be outsourced to organisations specialised in the field to recruit heterogeneous workfare suitable to work in rich and inclusive organisational culture. Sustainability of the nations and organisations demands an inclusive strategy to bring forward all the stakeholders, including corporate entities, industry experts, and academicians on common forums to regularly debate about organisational and regional requirements that can be met by developing inclusive culture and policies.
References


Transformational leadership, organisational rich culture, and sustainability


