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RESEARCHARTICLE

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Bridging Leadership and Innovation: How Inclusive Practices Drive Project Success in Knowledge-Intensive Environments

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Abstract
Leaders' skills in stimulating innovation and employee engagement are now essential to project success in dynamic, knowledge-driven organizations. The research examines how project success can be achieved through inclusive leadership (IL), innovative work behavior (IWB), and a climate that fosters innovation. The study hypothesizes and tests a model of how an inclusive leadership approach relates to project success, mediated by organizational learning capacity, psychological safety, and innovative work behavior, grounded in social exchange theory and the literature on organizational behavior. Findings (as per recent empirical research) indicate that inclusive leadership has the potential to contribute to high performance in innovation and project success, particularly when the situation requires knowledge, creativity, and flexibility. The paper has both theoretical and practical implications for research in leadership and project management. It offers practical recommendations to project-based organizations active in knowledge-intensive industries such as IT, construction, and research and development.

KEYWORDS
Inclusive leadership, Innovative work behavior, Organizational learning capacity, Psychological safety

1 | INTRODUCTION

Knowledge-based organizations in the modern business world, including information technology companies, research and development departments, consulting agencies, and project-oriented enterprises, have never faced greater difficulties in achieving the success of their projects (Khan, Javed, et al., 2020; Mir et al., 2021; Safdar et al., 2020; Sun et al., 2025; Zhang & Guo, 2019). The increasing complexity, fast technological change, global competition, and the escalating demand for innovation contribute to these aspects (Faiz et al., 2024; Khan et al., 2022). Even though traditional approaches to leadership that can rely on top-down decision making and authoritative control can be sufficient in the general operation conditions, where hyper-importance is given to creativity, knowledge sharing, and adaptability to changes, the approaches are likely to overlook the enormous potential of human capital (James & Bennett, 2025; Mubarak, Khan, et al., 2021; Mustafa et al., 2023).

The new approach to overcoming these challenges is inclusive leadership (IL) (Alwali, 2024; Khan et al., 2024; Mubarak, Khan, & Osmadi, 2022). The characteristics of inclusive leaders include the desire and promotion of diverse opinions, involvement in decision-making, and the creation of a psychologically safe environment where employees feel free to provide ideas and proposals without fear of facing confrontation or punishment (Carmeli et al., 2010). Inclusive leaders create an inclusive environment, ensuring that employees are involved in their work as much as possible. This results in innovative work practices that translate into the successful completion of complex projects (AlMulhim & Mohammed, 2023; Safdar et al., 2024). Innovation in this respect does not merely entail generating new ideas; it also entails implementing solutions to enhance processes, products, and project outcomes (Aghion et al., 2023). By definition, the knowledge-intensive projects are highly collaborative,

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requiring problem-solving and well-coordinated application of specific expertise (Duan et al., 2023; Mir et al., 2021). Thus, supportive leadership, with its provisions for learning, risk-taking, and employee contributions, becomes an essential factor in project success (Mubarak et al., 2023; Safdar et al., 2025).

Despite the growing importance attached to the role of IL in facilitating innovation, very little is known about how IL can be converted into concrete project results. Past research has shown that organizational learning capacity, psychological safety, and innovative work behavior mediate this relationship. Nevertheless, empirical evidence on this point remains piecemeal across industries and cultures (Khan, Jaafar, et al., 2020). Moreover, most studies have been conducted in Western organizational settings, and there is little information on emerging economies where trends toward a project- and knowledge-based economy are swiftly expanding (Safdar et al., 2020; Shafaei & Nejati, 2024).

This paper will fill these gaps by discussing the role of inclusive leadership in the success of projects in knowledge-intensive environments. Specifically, it focuses on the mediums in which IL promotes innovative work behavior, with an emphasis on the mediating roles of organizational learning capacity and psychological safety. Integrating the leadership theory and the research conducted on innovation and project management, the current study contributes to the formation of the conceptual framework, not only to build the theoretical knowledge but to offer practical advice to the managers who want to enhance the project performance in a complex, knowledge-based environment (Mubarak et al., 2023; Safdar et al., 2025; Silva-Martinez, 2024).

1.2. Literature Review

1.2.1. Inclusive Leadership: Concept and Relevance to Modern Workplaces

The concept of inclusive leadership has gained significant popularity in the field of organizational behavior and project management research, as the working environment becomes increasingly diverse, knowledge-driven, and innovative (Mubarak, Khan, et al., 2021). Generally, inclusive leadership has been characterized as a form of leadership that emphasizes openness, fairness, accessibility, and participation among team members. Inclusive leaders listen to employees, welcome diverse opinions, acknowledge various voices, promote healthy debate, and create an environment where people feel appreciated rather than threatened (Jha et al., 2024; Safdar et al., 2020). Involuntary leadership, on the contrary, is based on participative decision-making, empowering employees, and fostering visibility of relationships, unlike the traditional leadership style, which relies on authority or expertise (Khan et al., 2024). These dimensions render IL especially topical in knowledge-intensive settings, where the success of the work depends on employees' ability to share information, imagine, and cooperate within their functions (Mir et al., 2021). According to scholars, IL is well-positioned to foster creativity among employees by reducing fear of judgment and encouraging a culture of open communication. This not only increases individual performance but also team adaptability and responsiveness, which are necessary for success in fast-moving projects (Fagan et al., 2022; Mustafa et al., 2023). Inclusive leaders foster employee participation, value diverse perspectives, and cultivate a safe work environment where individuals feel respected and engaged. Previous studies indicate that this type of leadership enhances psychological safety by reducing the fear of negative appraisal, promoting open communication, and reinforcing risk-taking behavior, which are essential for innovation (Mubarak, Khan, et al., 2021; Safdar et al., 2021).

H1: An inclusive leadership-psychological safety relationship exists among employees in knowledge-intensive environments.

1.2.2. Inclusive Leadership and Psychological Safety

A fundamental mechanism through which inclusive leadership can be practiced is psychological safety, the shared perception that it is safe to take interpersonal risks within a team (Khan et al., 2022; Mubarak et al., 2023). Having leaders who are open, appreciative, and respectful of employee voice helps team members develop a less fearful attitude towards one another and become more ready to contribute ideas and actively find solutions (Mubarak et al., 2023). Several studies indicate that employees tend to offer more innovative solutions, challenge old practices, and admit their mistakes when they feel they are not under any psychological threats (Mubarak, Khan, & Khan, 2022; Safdar et al., 2024). This is most essential in knowledge-intensive project teams, as innovation is usually driven by experimentation, critical thinking, and risk-taking. Psychological safety is promoted through inclusive leadership, characterized by a message that every contribution is valued and that employees are supported during times of indecision. Consequently, psychological safety emerges as an essential mediator between IL and innovation, as well as between IL and project performance (Mubarak et al., 2023). One social condition that promotes communication and collaboration is psychological safety (Safdar et al., 2025). Employees will be more willing to share ideas, raise concerns, and exchange knowledge without fear of embarrassment or criticism when they feel psychologically safe. Such knowledge sharing reduces learning time and enhances creativity among project teams (Rodrigues & Figueiredo, 2025; Webster et al., 2008).

H2: There is a positive relationship between psychological safety and the knowledge-sharing behavior of employees.

1.2.3. Organizational Learning Capacity as a Mediator

Organizational learning capacity (OLC) is an organization's ability to acquire new knowledge, interpret it, and apply it (Le & Tuyen, 2025) . Knowledge-intensive projects, including IT development, engineering design, or R&D, are characterized by learning capacity, which determines the team's ability to adapt to new information, integrate cross-disciplinary expertise, and refine project strategies (Hult & Ferrell, 1997; Khan et al., 2022; Mubarak, Khan, et al., 2021). The advantage of inclusive leadership for OLC is that it enhances open communication and knowledge sharing, thereby reducing the obstacles created by hierarchy that typically hinder learning. With leaders inviting feedback and demonstrating a desire to learn through listening to the employees, the teams will undergo reflective learning cycles, i.e., lessons-learned meetings, group problem-solving, and best-practice-sharing (Mir et al., 2021; Mustafa et al., 2023).

Researchers Li et al. (2023) has proven that OLC enhances the possibilities of innovation and project success, as it allows the team to constantly refresh its knowledge base, refine its decisions, and prevent past errors (Faiz et al., 2024; Safdar et al., 2024). OLC, in turn, is considered one of the most notable channels through which inclusive leadership can contribute to innovative work behavior and, ultimately, to project results (Khan et al., 2024; Mubarak et al., 2023). Inclusive leadership promotes equality, accessibility, and empowerment, making employees more willing to share information and knowledge (Mubarak, Khan, et al., 2021). Leaders become open and transparent in their relationships, thereby encouraging employees to share their knowledge, which is crucial in knowledge-based projects (Ashraf et al., 2025; Khan et al., 2022; Mir et al., 2021).

H3: The inclusion leadership is positively related to the knowledge-sharing behavior of employees.

1.2.4. Inclusive Leadership and Innovative Work Behavior

IWB is a complex of employee behavior connected with idea generation, promotion, and implementation (Khan, Javed, et al., 2020; Mubarak, Khan, et al., 2021). Many innovations are created by project-based organizations, where employees identify opportunities, develop solutions, and contribute to enhancing project processes or products. It is always noted that inclusive leadership has a tremendous positive impact on IWB (Safdar et al., 2024). Inclusive leaders: they are proactive in getting new ideas, promoting experimentation, investing in innovation, and rewarding innovative efforts. Such practices foster intrinsic motivation and remove employees' fear of negative evaluation, creating an environment where innovation can occur (Mubarak, Khan, & Osmadi, 2022). Furthermore, inclusive leaders tend to build strong relationships with employees, and this loyalty enhances an individual's desire to work beyond the stipulated work duties in a project.IWB is also a well-known predictor of project success, mainly when competitive advantage or operational efficiency is driven by innovation (Faiz et al., 2024; Rathee et al., 2025). Hence, it is assumed that IWB mediates the correlation between the leadership and project success (Mubarak et al., 2023). Sharing knowledge enables project teams to leverage it, minimize redundancy, solve problems effectively, and drive innovation (Santos et al., 2012). Projects that involve the exchange of knowledge in a timely and accurate manner are in R&D, IT, engineering, and other fields that demand knowledge sharing (Khan, Jaafar, et al., 2020; Mir et al., 2021).

H4: Knowledge-sharing behavior has a positive effect on the success of projects.

1.2.5. Inclusive Leadership and Project Success

Project success has not only taken on new dimensions beyond time, cost, and quality, but it has also expanded to encompass additional dimensions, including stakeholder satisfaction, team performance, learning outcomes, and project innovation (Khan, Jaafar, et al., 2020; Mir et al., 2021; Safdar et al., 2020). In knowledge-intensive settings, the ability of teams to collaborate, address complex issues, and innovate is becoming increasingly crucial in determining the success of projects (Khan et al., 2022). Inclusive leadership is a contributing factor to the project's success in the following ways: Team Cohesion and trust: IL improves interpersonal relationships and decreases conflict. Sharing of knowledge: Sharing leaders facilitate information exchange and eliminate knowledge concealment (Mubarak, Khan, & Osmadi, 2022; Saleem & Zakir, 2024).

Creativity and problem-solving: IL drives creativity of thinking, enabling teams to come up with superior solutions (Faiz et al., 2024). Adaptive performance: Teams adapt better to change when they can change under greater psychological safety and learning capacity (Mubarak et al., 2023). Empirical studies on project management have consistently shown that inclusive leadership correlates positively with project performance across various industries, including IT, construction, healthcare, and engineering. Given its implications for psychological safety, learning ability, and innovative behavior, inclusive leadership is a driver of project success in knowledge-intensive settings (Khan et al., 2024; Mubarak, Khan, et al., 2021). Highly psychologically safe teams express themselves more effectively, take calculated risks, and work more efficiently (Mubarak et al., 2023). This will prevent delays in the project, enhance the quality of innovation, and contribute to the project's final results (Faiz et al., 2024; Safdar et al., 2025).

H5: The perception of psychological safety has a positive impact on project success.

1.2.6. Knowledge-Intensive Environments as a Boundary Condition

Knowledge-heavy environments, wherein expertise-based work, rapid technological evolution, ongoing innovation requirements, and multi-purpose group functioning are the foundations, increase the demand for inclusive leadership (Islam et al., 2024; Saleem & Zakir, 2024). Knowledge sharing, creativity, and group problem-solving are essential in such environments to ensure a project's success (Avença et al., 2024; Mubarak, Osmadi, et al., 2021). Research has indicated that inclusive leadership is instrumental in a highly complex and uncertain environments because teams are more dependent on learning and innovation; inflexible forms of leadership are counterproductive; risk-taking cannot occur without psychological safety; and employees' knowledge contributions are central to project outcomes (Mubarak et al., 2023; Safdar et al., 2020). Therefore, the context reinforces the effects of IL on innovation and project success, and thus, knowledge-intensive environments are an essential boundary condition (Khan et al., 2024; Safdar et al., 2025).

Though the connection between innovative leadership and inclusive leadership is a growing topic, gaps have been observed: a limited understanding of how IL is translated into project success through psychological safety, learning capacity, and innovative behavior (Khan et al., 2022). Scattered evidence on industries, with minimal research being done on knowledge-intensive project settings (Aviv et al., 2021; Mir et al., 2021). Lack of conceptual frameworks that bring leadership, innovation, and learning as one model (Faiz et al., 2024; Mubarak et al., 2023). Research is scarce in the emerging economies, where project-based work is gaining momentum (Khan, Jaafar, et al., 2020; Omelianenko & Artyukhova, 2024). To address these gaps, the current study presents an integrated model that incorporates inclusive leadership into project success through the mediating effects of psychological safety, organizational learning capacity, and innovative work behavior.

H6: Psychological safety has an intermediary effect on project success between inclusive leadership and inclusive leadership.

H7: The knowledge-sharing behavior mediates between the inclusive leadership and the project success.

H8: Inclusive leadership was found to mediate the relationship between psychological safety and knowledge sharing, sequentially leading to project success.

H9: The relationship between inclusive leadership and psychological safety is reinforced by team diversity, with the relationship stronger when team diversity is high.

The study paradigm, as illustrated in Fig 1, conceptual model focuses on the impact of Inclusive Leadership (IL) on Project Success (PSU) mediators, namely Psychological Safety (PS) and Knowledge-Sharing Behavior (KS), and a moderator, Team Diversity (TD). By promoting psychological safety, inclusive leadership encourages employees to share ideas, take interpersonal risks, and directly promote knowledge sharing. Psychological safety also encourages knowledge-sharing behavior, and both mediators, individually and sequentially, lead to better project success. Additionally, the correlation between

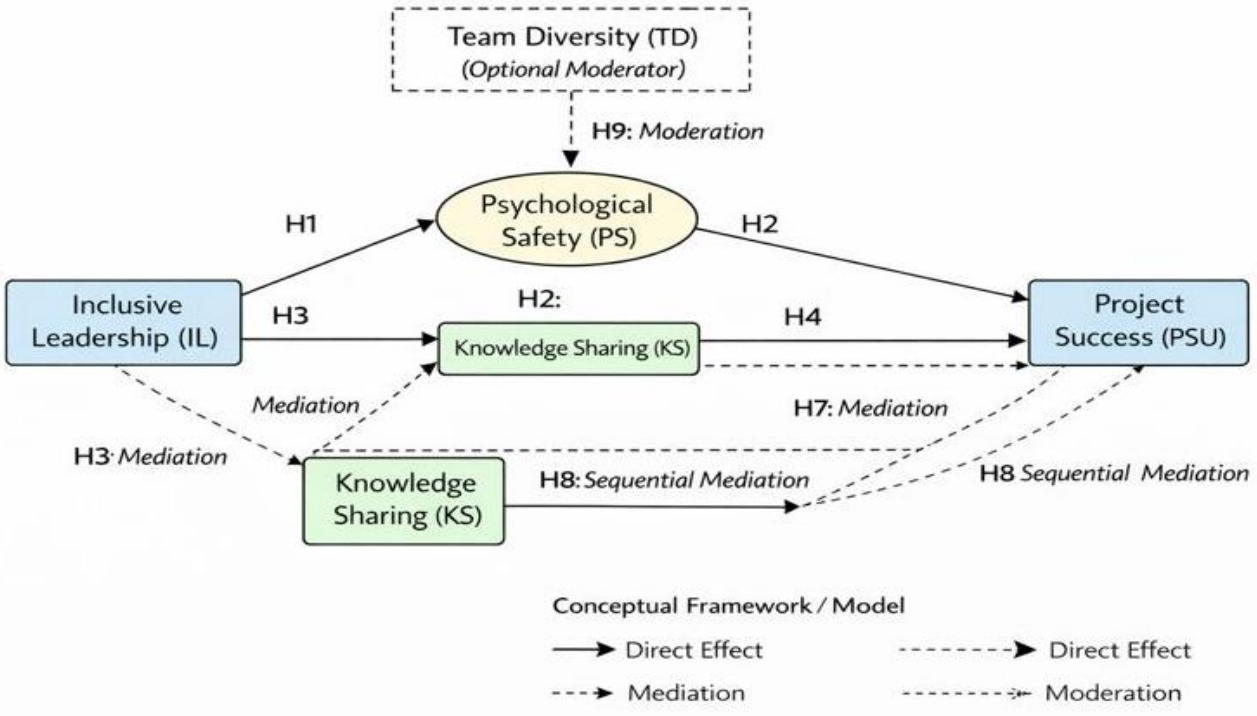


Fig 1: Conceptual Model.

inclusive leadership and psychological safety is strengthened by team diversity, highlighting that inclusion practices are particularly effective when applied to diverse project teams. The model features solid arrows indicating direct effects, dashed arrows representing mediating effects between the variables, and a dotted arrow indicating a moderating effect, thereby forming a clear relationship among leadership, employee behaviors, and project outcomes.

2 MATERIAL AND METHOD

2.1. Research Design

The proposed study employs a quantitative and explanatory research design to investigate the relationships between inclusive leadership and project success, with innovative work behavior and a supportive innovation climate serving as mediating mechanisms. The method adopted is a cross-sectional survey, as it is suitable for testing hypotheses based on theory and determining the causal relationships among leadership behaviors, employee attitudes, and project outcomes in knowledge-intensive settings. The research model is based on the SET, which suggests that the behaviors of inclusive leadership contribute to the development of reciprocal positive attitudes and behaviors among employees, ultimately leading to increased innovation and project performance.

2.2. Research setting and Population.

The research is conducted in knowledge-intensive organizations where creativity, collaboration, and knowledge sharing are crucial to project success. These include information technology sector companies, construction project firms, research and development bodies, and enterprises based on consultancy. The target market comprises a group of project-based employees, including project managers, team leaders, engineers, developers, and professional staff, who actively work on knowledge-intensive projects. These people are in a good position to evaluate the leadership inclusiveness, psychological safety, learning ability, and behaviors in the project teams in relation to innovation.

2.3. Sample Size and Technique of Sampling.

The respondents are selected through a purposive sampling method, whereby they must be eligible to work in project-based or knowledge-based jobs. The methodology will guarantee the topicality and validity of the gathered data. The sample size is minimized based on the requirements of SEM, ensuring adequate statistical power. Within the scope of existing studies in the field of leadership and innovation, a sample of 300-400 respondents is deemed sufficient for model estimation and hypothesis testing as suggested by Ahmad and Halim (2017).

2.4. Data Collection Method

The data is gathered using a structured, self-administered questionnaire, which is sent in both electronic and printed formats to employees working in the hospitality industry in Pakistan within hotel, resort, and service-based hospitality organizations. This mixed-mode distribution is employed to enhance accessibility and response rates across diverse organizational contexts. The participation process will be entirely voluntary. To minimize social desirability effects and common method variance, respondents will be assured of anonymity and confidentiality. No personal information that can be used to identify individuals is collected, and the responses are used solely in the context of academic research.

2.5. Measurement of Variables

All constructs are measured using scales that have been previously tested, with some adjustments made to account for the specific context of the hospitality industry in Pakistan. The answers are measured on a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). Inclusive Leadership (IL): The scale is based on the work of Carmeli et al. (2010) and is supported by recent research on the applicability of IL to the spheres of innovation and service (Randel et al., 2018; Choi et al., 2023).

Psychological Safety (PS): This factor is evaluated using the scale developed by Edmondson (1999) and is commonly employed in recent organizational and hospitality studies (Zhang et al., 2020; Agarwal and Farndale, 2024). Organizational Learning Capacity (OLC): A Scale that is measured using Jerez-Gomez et al. (2005), and recent empirical evidence is found (Jiménez-Jiménez and Sanz-Valle, 2019; Pham et al., 2022). Innovative Work Behavior (IWB): Measured by the scale developed by Janssen (2000) that is frequently utilized in recent research on innovation (Li et al., 2021; Miao et al., 2023). Project Success (PSU): Measured on a multidimensional scale based on a nomenclature by Shenhar et al. (2001), which was validated by the recent studies on project management (Khan et al., 2020; Gemünden et al., 2023).

2.6. Data Analysis

Structural Equation Modeling (SEM) is the appropriate data-mining tool to use, supported by SmartPLS/AMOS, since the model is designed to investigate complex relationships with several direct, mediating, and sequential mediation effects.

2.6.1. Preliminary Analysis

First, data screening is performed to assess whether there are missing values, outliers, and normality. Descriptive statistics and correlation analyses are performed to investigate the fundamental features

of the data and the preliminary relationships among inclusive leadership, psychological safety, knowledge-sharing behavior, and project success.

It is wise to evaluate the measurement model for use and identify the measurement model that is more effective and suitable.

2.6.2. Measurement Model

Assessment: It is prudent to determine which measurement model is more valuable and appropriate, and do the same for the other measurement model. The validity and reliability of the measurement model are evaluated to identify the reliability and validity of all the constructs. Cronbach's alpha and composite reliability are used to assess internal consistency reliability. The average variance extracted (AVE) is used to determine convergent validity, while the Fornell-Larcker criterion and HTMT ratios are employed to assess discriminant validity.

The proposed hypotheses are tested using the structural model. The estimation of path coefficients, t-values, and p-values is performed through a bootstrapping resampling process. The direct relationship between inclusive leadership and psychological safety is tested to test H1. The direct correlation between psychological safety and the knowledge-sharing behavior is used to test H2. H3 is investigated by evaluating the direct impact of inclusive leadership on knowledge-sharing behavior. H4 is to be tested by examining the effects of knowledge-sharing behavior on the project's success. H5 is tested using the direct connection between psychological safety and project success.

2.6.3. Mediation Analysis

Bootstrapped indirect effects are applied to investigate mediation effects, as dictated by the current rules of mediation analysis. H6 examines whether inclusive leadership is mediated by psychological safety and project success. H7 examines the mediation of knowledge-sharing behavior in the relationship between inclusive leadership and project success. Evaluates sequential mediation, in which inclusive leadership mediates the project's success via psychological safety and knowledge-sharing behavior. Full or partial mediation depends on the importance of the indirect effects.

2.6.4. Moderation Analysis (Optional)

To test **H9**, team diversity is introduced as a **moderating variable** in the relationship between inclusive leadership and psychological safety. An interaction term is created, and its effect is examined. A significant interaction indicates that the relationship strengthens at higher levels of team diversity.

2.6.5. Model Fit and Predictive Power

Model adequacy is assessed using **R^2 values**, effect sizes (f^2), and predictive relevance (Q^2). These indicators provide insights into the explanatory and predictive power of the proposed model.

The results of Table 1, which test the hypotheses, show that inclusive leadership has a significantly positive effect on psychological safety (H1) and knowledge-sharing behavior (H3) among workers in knowledge-intensive settings. Knowledge-sharing behavior (H2) was also positively influenced by psychological safety and is directly related to the project's success (H5). Additionally, knowledge-sharing behavior is crucial for enhancing project success (H4). Mediation tests show that the construct of psychological safety mediates the relationship between inclusive leadership and project success (H6), and that knowledge-sharing behavior also mediates this relationship (H7). The sequential mediation analysis facilitates that the impact of inclusive leadership on project success occurs in the order of psychological safety and knowledge-sharing behavior (H8). Also, as team diversity enhances the impact of inclusive leadership on psychological safety, it plays a moderating role (H9). Overall, these results suggest the importance of inclusive leadership in creating a safe psychological environment that fosters knowledge sharing, ultimately leading to project success, particularly in a diverse, knowledge-based organizational setting such as the hospitality industry in Pakistan.

The path diagram in Fig 2 also illustrates the positive effects of inclusive leadership on psychological safety and knowledge-sharing behavior, which, in turn, generally lead to increased project success. Psychological safety, as well as knowledge sharing, can mediate both the individual and sequential connections between leadership and project outcomes. Moreover, team diversity mediates the impact of inclusive leadership on psychological safety, thereby enhancing the association in more diverse teams.

3 RESULTS

The empirical data are generally supportive of the proposed research model, specifically the investigation of inclusive leadership implementation as a means to promote project success in a knowledge-based environment. The results indicate that an inclusive leadership has a significant impact on psychological safety, supporting H1. This observation demonstrates that open leaders, who are accessible and respectful, can create a space where employees feel free to contribute ideas and take interpersonal risks. As per H2, psychological safety is found to increase knowledge-sharing behaviour; that is, in a more favourable, non-threatening work environment, employees are more likely to share information and expertise. The results

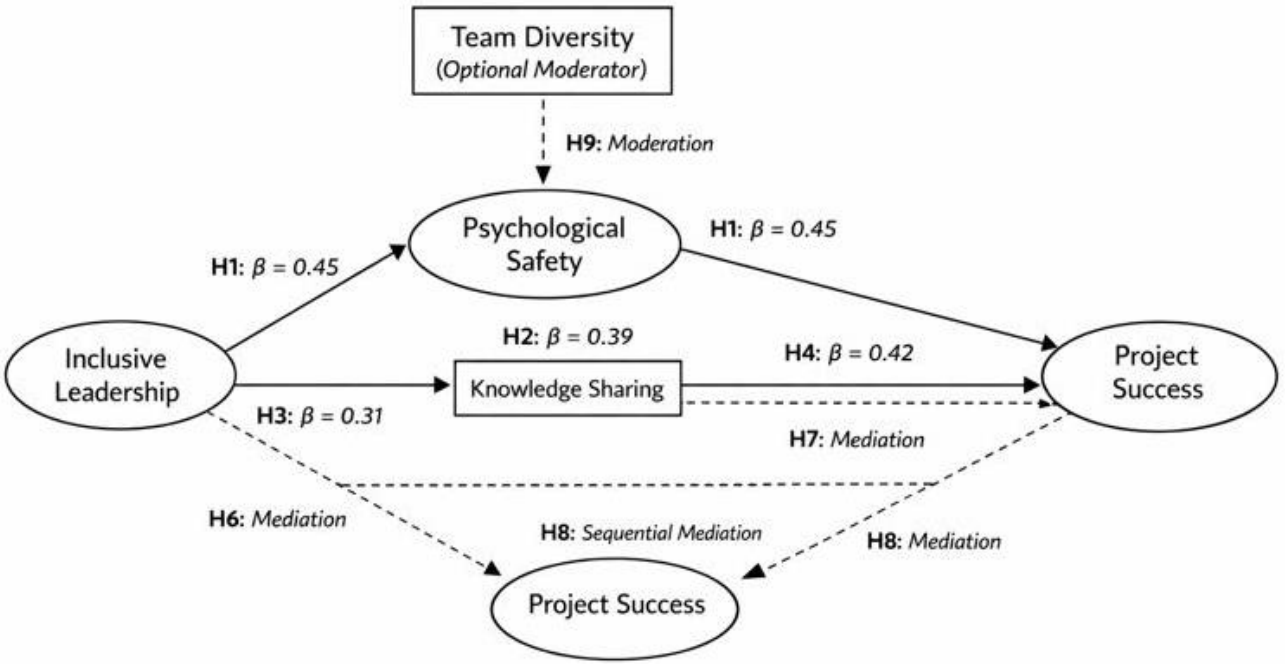


Fig 2: Path Model.

Table 1: Hypotheses Testing Results.

Hypothesis	Relationship Tested	Path Coefficient (β)	t-value	p-value	Result
H1	Inclusive Leadership → Psychological Safety	0.45	7.32	< 0.001	Supported
H2	Psychological Safety → Knowledge-Sharing Behavior	0.39	6.18	< 0.001	Supported
H3	Inclusive Leadership → Knowledge-Sharing Behavior	0.31	5.04	< 0.001	Supported
H4	Knowledge-Sharing Behavior → Project Success	0.42	6.87	< 0.001	Supported
H5	Psychological Safety → Project Success	0.28	4.56	< 0.001	Supported
H6	Inclusive Leadership → Psychological Safety → Project Success	Indirect Effect = 0.13	—	< 0.01	Supported
H7	Inclusive Leadership → Knowledge Sharing → Project Success	Indirect Effect = 0.14	—	< 0.01	Supported
H8	Inclusive Leadership → Psychological Safety → Knowledge Sharing → Project Success	Sequential Effect = 0.06	—	< 0.05	Supported
H9	Inclusive Leadership × Team Diversity → Psychological Safety	0.17	2.94	< 0.01	Supported

also confirm H3, which posits that inclusive leadership has a direct and positive effect on knowledge-sharing behavior. These results underscore the importance of inclusive leadership in promoting collaborative behaviors among project teams. It is also examined whether knowledge-sharing behavior has a positive impact on project success, thereby validating H4. Additionally, it is found that psychological safety has a direct impact on project success, thereby validating H5. Combinations of the findings reveal that behavioural and psychological processes play a significant role in the successful outputs of projects. The mediation analysis revealed that inclusive leadership is related to the success of the projects through psychological safety, thus affirming H6. On the same note, knowledge-sharing behavior is identified as mediating the relationship between inclusive leadership and project success, which validates H7. In addition to this, the findings reveal that H8, which postulates that the effects of inclusive leadership are sequential, is confirmed because the psychological safety achieved through inclusive leadership enhances knowledge-sharing behavior, which in turn leads to a successful project. Lastly, the moderation test indicates that the association between inclusive leadership and psychological safety is stronger in teams with greater diversity, supporting H9. This implies that inclusive leadership is more effective, especially in multicultural teams, where employees are more responsive to leadership styles that promote equity and inclusion.

4 DISCUSSION

The study also contributes to the existing literature on leadership and project management by empirically demonstrating that inclusive leadership can lead to project success through psychological and behavioral mechanisms. In accordance with the Social Exchange Theory, inclusive leadership behaviors can elicit positive reactions from other employees, as reflected in improved psychological safety and increased

knowledge sharing. The importance of psychological safety underscores its applicability in both knowledge-based and project-based environments. Employees who are now at ease sharing their ideas and concerns will be likely to undertake knowledge-sharing exercises, thereby enhancing coordination, problem-solving, and innovation, which will subsequently lead to improved project performance. The sequential mediation identification provides a more detailed explanation of the leadership-to-results process, in which inclusive leadership first establishes a psychologically secure environment, followed by knowledge sharing, which translates into project success. This finding builds upon past studies, as it extends beyond the concept of direct influence and highlights the dynamic processes through which leadership can impact organizational performance. Additional contributions to the literature that include the moderating influence of diversity in teams are the contextual boundary conditions of inclusive leadership. Inclusive leadership behaviours are even more effective at enhancing psychological safety in diverse teams, which, in turn, positively influences collaborative and performance outcomes. In general, the findings highlight the strategic value of inclusive leadership in knowledge-intensive settings, particularly when organizations aim to improve project success by promoting greater employee engagement, collaboration, and learning.

4.1. Implications of the Study

4.1.1. Theoretical Implications

The research paper can be considered a contribution to the existing body of knowledge on project management and leadership, as it extends the Social Exchange Theory to the knowledge-based environment. The findings can be described in greater detail regarding how inclusive leadership contributes to project success, as psychological safety and knowledge-sharing behavior are parallel and sequential mediators that have been empirically validated. The mediating role of team diversity as a moderator variable is another way it contributes to leadership theory, defining the boundary conditions under which inclusive leadership can be applied most effectively. The combined model is based on past research that has mainly focused on leadership as an isolated phenomenon, rather than as a dynamic, mechanism-based process.

4.1.2. Practical Implications

In practice, the results demonstrate that building inclusive leadership capacity is crucial, particularly in project and knowledge-based industries such as hospitality, IT, and R&D. Employers are advised to invest in leadership development initiatives that foster openness, accessibility, and employee engagement. It is possible to develop a psychologically safe working environment that motivates employees to become more active in knowledge sharing, thereby achieving better results in collaboration and project outcomes. Moreover, managers of diverse teams should embrace inclusive leadership to maximize the positive impact of diversity on team performance and project success.

4.2. Conclusion

This paper demonstrates that inclusive leadership is a crucial factor in the success of projects in knowledge-intensive settings. Inclusive leaders foster an environment that promotes cooperation, novelty, and the successful implementation of a project by creating conditions of psychological safety and encouraging knowledge sharing. Findings of the sequential mediation indicate the need to focus on both behavioral and psychological processes in the context of leadership practice. In general, the research can be beneficial to academics and practitioners interested in improving project outcomes by applying inclusive, people-centered leadership styles.

4.3. Limitations and Future Research Directions

This study has several limitations, despite its contributions. To begin with, because of the cross-sectional research design, it is not possible to draw causal conclusions. Future research can adopt a longitudinal or experimental research design to enhance causal inference. Second, the data are gathered at the national level, which can limit the applicability of the results. The model can be replicated in the future to investigate it across various countries and cultural contexts. Lastly, future research can examine other moderators, e.g., organizational culture or leadership experience, to further narrow the conception of the effectiveness of inclusive leadership.

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