

# Exploring the Mediating Mechanisms of Perceived Organizational Support and Trust in Leadership between Inclusive Leadership and Employee Engagement in Welfare Projects

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## ABSTRACT

*The literature on Inclusive Leadership posits that it positively impacts employee engagement. However, several mechanisms that help develop this relationship are still less explored. This study is a step toward investigating the dual-path mechanism in which perceived organizational support (POS) and trust act as mediators in parallel paths between inclusive leadership and employee engagement. The data was taken from 350 paid employees of registered non-profit organizations in Pakistan. The hypotheses were tested using Structural Equation Modelling (SEM) with AMOS software. All hypotheses were accepted at  $P < 0.05$ , except hypothesis 1. Inclusive Leadership strongly predicts POS and Trust, both of which, in turn, are significant predictors of Employee Engagement. Overall findings grounded in Social Exchange Theory confirm that employees respond with higher commitment and involvement when they perceive fairness, respect, and support from leaders and the organization.*

**Keywords:** Inclusive Leadership, Trust, Employee Engagement, POS

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## 1. INTRODUCTION

In today's fast-growing business environment, the role of Inclusive leadership is vital. It is taken as the behavior of leadership that promotes belonging, seeks diverse views and makes them available and open to employee feedback (Oh et al., 2023). Literature on inclusive leadership connects it to positive employee outcomes, including voice, job satisfaction, innovation, and engagement. Inclusive leadership sends the message that employees are valued and respected (Javed et al., 2025). As a result of these inclusive practices, employees become emotionally connected and motivated, strengthening their engagement with their organizational goals. Employee engagement refers to a positive, satisfying, work-related state of energy, involvement, and dedication (Schaufeli et al., 2002). Engaged employees work more efficiently and dedicatedly, and have lower turnover intentions, which are especially crucial outcomes for resource-constrained organizations.

Following Social Exchange Theory (Blau, 1964), the study under-discussed suggests several mechanisms that drive employee engagement through leadership. The main objective of this study is to gauge the relationship between inclusive leadership and employee engagement through the social exchange mechanism. Social Exchange Theory (Blau, 1964) assumes that when individuals receive favorable treatment from leaders, they are compelled to reciprocate with favorable attitudes and behaviors. Inclusive leaders, through recognition of others' contributions and respect for diversity, establish high-quality interactions that employees respond to with engagement (Choi et al., 2017).

According to SET, when the leader shows inclusive behavior as open, accessible and available, the employees feel perceived organizational support (POS), which reciprocates positive behavior. Perceived Organizational Support (POS) is the perception that the organization appreciates the employees' input and is interested in their welfare (Caesens et al., 2023). Inclusive leadership enhances employees' engagement by sending signals of valuable contributions, which develops employees' perception that they are less likely to be punished for routine mistakes (Atiku et al., 2024),

as POS. It represents the understanding of employees about the willingness of their leadership to 'support employees' (Dutta et al., 2018). Concurrently, inclusive behaviors cue competence, integrity, and benevolence, thus enhancing trust. Such exchange-based processes provide avenues through which inclusive leadership is supposed to foster employee engagement (Choi et al., 2017). A deeper investigation through dual mechanisms is necessary to uncover the complexities of employee and leadership dynamics, which is critical to cultivating a sustained, committed workplace environment.

Inclusive leadership has been widely studied in for-profit sectors, but its impact on non-profit organizations (NPOs) remains underexplored. NPOs differ from profits in different ways including their mission-driven focus, resource constraints, and the mix of paid staff and volunteers. These differences suggest that leadership behaviors, such as inclusivity, may affect employee engagement differently in NPOs, raising concerns about the existing leadership theories to the non-profit context. In non-profit organizations (NPOs), where tight budgets and high mission focus often prioritize financial reward, employee engagement is critical to organizational performance and service delivery.

Nonprofit organizations, often marked by resource scarcity and organizational motivation driven by the mission rather than by generous financial compensation alone, can find staff commitment and performance even more important than in for-profit contexts. Employees in this organization are often overworked and underpaid, and face other unique challenges, which can lead to conditions that might be related to higher turnover and satisfaction rates compared to other sectors. However, the number of challenges in Pakistani NPOs undermines the role of leadership in fostering employee engagement. Overall, in this study, inclusive leadership is predicted to influence engagement both directly and indirectly through two exchange-based mechanisms.

## **2. LITERATURE REVIEW**

Employee engagement has become a serious construct in organizational research due to its strong association with individual performance, organizational effectiveness, and competitive advantage. In recent years, scholars have increasingly emphasized the role of leadership styles in fostering engagement,

particularly inclusive leadership. Characterized by openness, accessibility, and appreciation of employees' diverse contributions, inclusive leadership fosters supportive work environments where employees feel valued, respected, and empowered, thereby enhancing their psychological and emotional attachment to the organizational goals.

Inclusive leadership involves behaviors that foster a sense of belonging, demonstrate a desire for diverse perspectives, and are open to employee feedback, according to Li & Tang. (2022), inclusive leaders who prioritize fair treatment and active listening in the process of building relational foundations, enabling employees to fully and meaningfully contribute to group processes and outcomes. Empirical research continues to show that inclusive leadership is positively related to beneficial organizational outcomes, such as team performance, job satisfaction, and employee turnover (Li et al., 2024).

Employee engagement can be conceptualized as a positive, fulfilling, work-related state characterized by vigor, dedication, and absorption. It transcends the understanding of job satisfaction and involvement, reflecting an attachment to and investment in one's work. Generally, engaged employees are more productive and highly committed, and tend to have lower turnover intentions, making them a very valuable resource that contributes significantly to the organization's overall success.

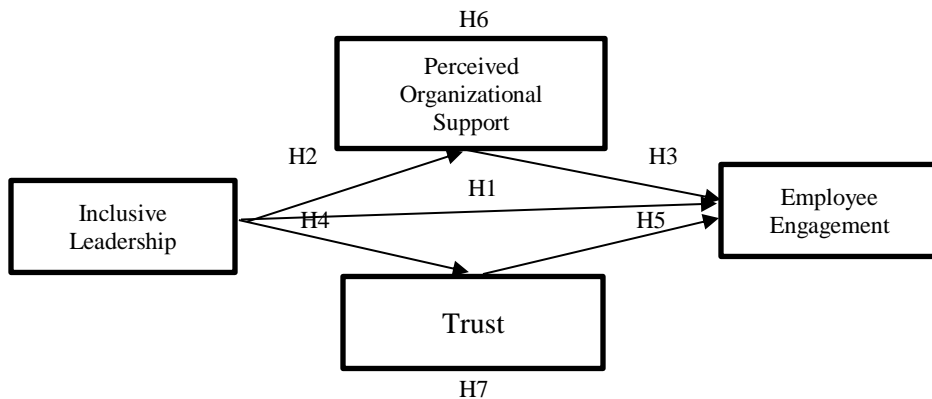
Perceived Organizational Support is to the extent to which employees believe that their organization values their contributions and truly cares for them (Kurtessis et al., 2017). Based on Organizational Support Theory, employees form perceptions of organizational treatment, including fair procedures, supportive leadership, and helpful human resource practices. This perceived concern and value by the organizations communicates to employees a sense that their contribution is prized and that their well-being is considered (Viot & Benraiss-Noailles, 2025). In the context of nonprofit organizations, POS is even more important, as it might help address the frequent scarcity of extrinsic rewards in such organizations.

This psychological condition means that an employee expects his or her leader to take actions and make decisions that will be helpful or at least not harmful to his or her interests. Trust is much more than an emotional connection; it involves

sound judgment regarding the credibility of the character and authentic consideration of leaders for their people. Empirical evidence consistently links trust in leadership to positive employee outcomes, such as engagement, job satisfaction, organizational commitment, and better performance, while also reducing stress and conflict (Yang et al., 2020).

### 3. THEORETICAL FRAMEWORK

The current research applies Social Exchange Theory (SET) to describe the way inclusive leadership leads to engagement.



**Figure 1** Perceived Model

The following hypotheses are proposed:

H1: Inclusive leadership has positive impact on employee engagement.

H2: Inclusive leadership has positive impact on perceived organizational support.

H3: Perceived organizational support has positive impact on employee engagement.

H4: Inclusive leadership has positive impact on trust.

H5: Trust has positive impact on employee engagement.

H6: Perceived organizational support mediates the relationship between inclusive leadership and employee engagement.

H7: Trust mediates the relationship between inclusive leadership and employee engagement.

## 4. METHODOLOGY

### Measures & Data Collection Method

This study is based on a positive research philosophy, which assumes that reality exists independently and can be studied using observable, measurable evidence. From this perspective, knowledge is gained through objective observation and measurement, not through personal interpretation. A descriptive research design is used in this study because it is suitable for examining and testing the proposed relationships among inclusive leadership, perceived organizational support, trust in leadership, and employee engagement. This design helps explain how these independent variables influence employee engagement within an organizational setting.

This study focuses on paid employees working in registered non-profit organizations across Pakistan. A convenience sampling method is used, and the data is collected from at least 350 participants. The questionnaire was adopted from the prior research as nine items of the Work Engagement Scale of Seppälä et al. (2020), 6 Items of the Trust of Burke et al. (2007), five items of POS from Eisenberger et al. (1986), and 7 Items of Inclusive Leadership adapted from Merlini et al. (2024). All items were measured using a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree.

## 5. HYPOTHESIS TESTING AND RESULTS

### Descriptive Analysis

The results showed that Inclusive Leadership had a mean of 3.66 (SD = 0.82), Perceived Organizational Support (POS) had a mean of 3.68 (SD = 0.79), Trust in Leadership had the highest mean of 3.69 (SD = 0.76), and Employee Engagement had a mean of 3.50 (SD = 0.85). These averages indicate that respondents generally agreed with statements about each construct and had a positive perception of these aspects in non-profit organizations. The moderate standard deviations suggest a reasonable spread of responses.

**Table 1:** *Cronbach's Alpha*

Construct	No. of items	Mean	SD	Cronbach alpha
Inclusive Leadership (IL)	7	3.66	0.82	0.888

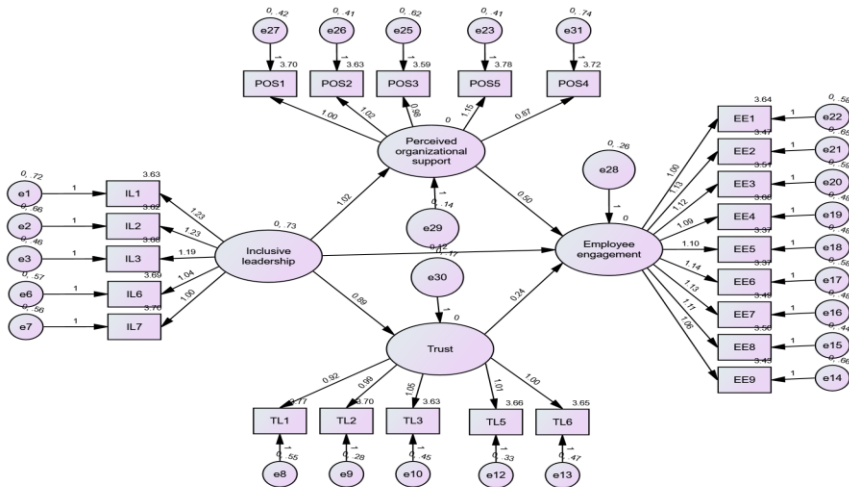
Perceived Organizational Support (POS)	5	3.68	0.79	0.896
Trust in Leadership (TL)	6	3.69	0.76	0.900
Employee Engagement (EE)	9	3.50	0.85	0.943

Before conducting Confirmatory Factor Analysis (CFA), the reliability of the constructs was assessed using Cronbach’s Alpha. All values were above the acceptable threshold of 0.70: Inclusive Leadership ( $\alpha = 0.888$ ), POS ( $\alpha = 0.896$ ), Trust in Leadership ( $\alpha = 0.900$ ), and Employee Engagement ( $\alpha = 0.943$ ). These high alpha values confirm that the scales used are reliable and consistent, providing confidence in the quality of the data for further analysis.

### Confirmatory Factor Analysis (CFA)

Confirmatory Factor Analysis (CFA) was conducted to test the measurement model, ensuring that the observed items reliably and accurately represent their respective latent constructs before examining structural relationships (Rogers, 2024). Items 4 and 5 of Inclusive Leadership and item 4 of Trust were deleted as the factor loading (FL) and squared multiple correlation (SMC) of these items were found to be less than the standard range (FL)0.55, and (SMC) 0.27.

### Structural Model



**Figure 2.** *Structural Model***Table1:** *Direct Path Results*

Hypothesis	Path	Std. $\beta$	SE	CR	T-value	P. Values	Results
H1	IL $\rightarrow$ EE	0.117	0.182	0.642	0.642	0.521	Not Supported
H2	IL $\rightarrow$ POS	1.021	0.064	15.839	15.839	< 0.001	Supported
H3	POS $\rightarrow$ EE	0.502	0.126	3.992	3.992	< 0.001	Supported
H4	IL $\rightarrow$ Trust	0.893	0.062	14.459	14.459	< 0.001	Supported
H5	Trust $\rightarrow$ EE	0.245	0.099	2.470	2.470	0.014	Supported

The overall results show that the chi-square-to-degrees-of-freedom ratio ( $X^2/df$ ) is 4.96, which is below the threshold of 5. The Comparative Fit Index (CFI) is 0.91, exceeding the 0.90 criterion and demonstrating good incremental fit relative to a null model. The Tucker-Lewis Index (TLI), however, is 0.89, suggesting that the model fit could be improved. The Root Mean Square Error of Approximation (RMSEA) is 0.897, indicating a satisfactory model fit.

However, the impact of inclusive leadership on Employees engagement does not support the hypothesis that suggests employees do not get engaged through direct relationship of IV on DV. Together H6 and H7, in table 2 indirect effects results provide strong evidence that both Perceived Organizational Support and Trust are important mediators, illustrating the indirect pathways through which Inclusive Leadership positively influences Employee Engagement in the model. This highlights the complex, multi-step mechanism of leadership effects in the organizational context.

**Table 2** *Mediation: Bootstrapping results (indirect effects)*

H	Path	Std. $\beta$	Boot SE	LL (95%)	UL (95%)	P-value	Result
H6	IL $\rightarrow$ POS $\rightarrow$ EE	0.51	0.12	0.31	0.764	< 0.001	Supported
H7	IL $\rightarrow$ Trust $\rightarrow$ EE	0.21	0.09	0.07	0.398	0.014	Supported

## 6. DISCUSSION

This research contributes meaningfully to the fields of leadership and human



resource management by investigating inclusive leadership within the non-profit sector in Pakistan, a context that has received limited attention in existing studies. Previous research has mainly focused on Western, profit-oriented organizations, thereby limiting understanding of inclusive leadership functions across diverse cultural and organizational settings. By focusing on a non-profit, mission-driven environment with constrained resources, this study broadens the scope of inclusive leadership research and demonstrates its relevance beyond conventional corporate contexts.

Anchored in Social Exchange Theory, the findings indicate that employees are more likely to demonstrate higher levels of commitment and involvement when they experience fair treatment, respect, and consistent support from both leaders and the organization (Li & Tang, 2022). This reflects the reciprocal nature of workplace relationships, where positive leadership behaviors encourage employees to respond with greater dedication and engagement. The results suggest that inclusive leadership does not rely on material incentives alone but is powerfully shaped by ethical conduct, trust, and relational leadership practices.

In practical terms, the findings hold significant implications for non-governmental and other non-profit organizations, which often operate under complex social pressures and limited financial capacity. Leaders within these settings should prioritize ethical leadership, inclusive decision-making, and transparent communication, while actively recognizing and valuing diversity within their workforce. Creating an environment in which employees feel respected, listened to, and genuinely included can lead to improved job satisfaction, stronger performance, and more profound organizational commitment.

The results of hypothesis 1 does not support in this study that represent that leadership of NPOs does not have direct impact on employee engagement, which was also the problem in the study. However, by integrating inclusive leadership principles into daily management practices and organizational systems, non-profit organizations can motivate employees fairly and consistently through mediating process. Such indirect approach supports higher levels of engagement and enables employees to contribute more effectively to organizational objectives. Over time, this can strengthen organizational resilience, enhance workforce stability, and increase the overall social impact of non-profit initiatives.

## 7. CONCLUSION AND FUTURE RESEARCH

This study offers valuable insights into the relationship between inclusive leadership (IL) and employee engagement (EE) and acknowledges several limitations that suggest avenues for future research. A primary limitation is the cross-sectional design. Future research adopting longitudinal designs would enable a more robust examination of causality and the temporal evolution of IL-EE relationships. Moreover, some model fit indices, specifically the Tucker-Lewis Index (TLI) and Root Mean Square Error of Approximation (RMSEA), were weaker than ideal, suggesting that the structural model could be further optimized (Hooper et al., 2008).

These findings highlight that inclusive leaders create environments where employees feel valued and supported at both organizational and supervisory levels. POS reflects the broader organizational commitment to employee well-being, while trust in leadership captures the day-to-day relational experience with immediate supervisors. Together, these two pathways act synergistically to transform inclusive leadership behaviors into authentic engagement, characterized by energy, dedication, and absorption in work. Finally, this study provides actionable guidance for nonprofit leaders seeking to translate inclusive behaviors into tangible workforce outcomes within culturally and resource-specific contexts.

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