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Inclusive Leadership and Team Climate: The Role of Team Power Distance and Trust in Leadership

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Inclusive Leadership and Team Climate: The Role of Team Power Distance and Trust in Leadership

Abstract

Purpose: The purpose of this paper is to investigate the effect of inclusive leadership on team climate. Drawing on the social exchange theory, this study proposes a theoretical model in which (a) inclusive leadership enhances team climate, (b) the moderating effect of team power distance and trust in leadership in the relationship between inclusive leadership and team climate.

Design/methodology/approach: A quantitative research method was applied, with a survey of 247 Nigerian employees nested in 59 teams in multiple small manufacturing firms across diverse industries widely distributed into textile, furniture, bakery, and palm oil production firms. The PLS-Structural Equation Modelling was used to test the study's proposed hypotheses.

Findings: The results revealed that inclusive leadership has a positive and direct effect on team climate. Also, this study found that (1) team power distance positively influences the relationship between inclusive leadership and team climate; (2) trust in leader positively influences the relationship between inclusive leadership and team climate.

Originality: The main contribution of this current research to knowledge is on the examination of the distinctive leadership style that influence team climate. The study indicates that when team members are allowed to fully contribute to the team, inclusion is promoted among group members, trust in leadership is strengthened, which increases their perception of team climate in organisations.

Research implications: This study affirms the explanatory power of social exchange theory to investigate inclusive leadership and knowledge sharing at the team level. Also, the study utilised the social exchange theory to confirm the significance and value of team power

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distance and trust in leadership in the relationship between inclusive leadership and team

climate at the team level in the Nigerian context.

Practical implications: The paper examined the relationship between inclusive leadership and

team climate with team power distance and trust in leadership as moderators. The findings

suggest that inclusive leadership play a paramount role in understanding team climate among

small manufacturing firms. Moreover, the findings can be applied in organisations by creating

different assessment mechanisms, e.g., webinars and training sessions, to encourage effective

inclusive leadership behaviours in fostering a team climate for creativity and innovation.

Keywords: Inclusive Leadership; Team Power Distance; Trust in Leadership; Team Climate

Introduction

This study aims to examine the direct effect of inclusive leadership and team climate in the

context of small manufacturing firms. Specifically, this study seeks to advance extant studies

by focusing on the role of team power distance and trust in leader in moderating the relationship

between inclusive leadership and team climate. Several studies have addressed the impact of

leadership, one of the major investigated research areas in organisational behaviour and its

pertinent outcomes such as team performance, motivation, and job performance (Eisenbeiss *et*

al., 2008; Kinnunen *et al*., 2016). Moreover, studies examining the impact of leadership on

team climate have increased substantially (see Kinnunen *et al*., 2016; Sharma and Bhatnagar,

2017; Xue *et al*, 2011).

According to Kinnunen *et al*. (2016), team climate refers to "an individual's perceptions

of his/her proximal work environment" (p. 332) that impact the behaviour of team members in

the workgroup (Xue *et al*., 2011). Leadership and climate are interwoven as leaders are

regarded as key drivers of team climate (Chiu *et al.*, 2021). A significant characteristic of these

extant studies has been the focus on transformational leadership style to examine the effects on team climate (Kinnunen *et al*., 2016). In contrast, less is known about the relevance of inclusive leadership behaviours, such as openness, availability, accessibility, fairness and equality, and encouraging diverse contributions (Nembhard and Edmondson, 2006; Randel *et al*., 2018: Ye *et al*., 2019), which are crucial for team climate. Inclusive leadership has some forms of comparison with transformational leadership; however, inclusive leadership is a distinct and participative form of leadership that is directly conducive to team climate. Furthermore, transformational leadership and other leadership styles differ from inclusive leadership because of the lack of focus on inclusion and diversity issues, minimising uneven power dynamics among leaders and team members, fairness, and shared decision-making (Jiang *et al.*, 2020; Randel *et al.*, 2018). In addition, inclusive leadership facilitates an inclusive climate when team members are valued for their contributions to the work tasks (Ashikali *et al*., 2021). Also, the capabilities of leaders to ensure that their workgroup feel a sense of inclusion to contribute to the decision-making process foster belongingness and uniqueness among members of the workgroup (Randel *et al*., 2018).

Studies show team members' reaction to leadership behaviours relies on a favourable team climate (Ali *et al.,* 2022; Eisenbeiss *et al*., 2008). In addition, teams with low cooperation and participation bring about an inadequate team climate that restricts the capacity of a team leader to recognise and create important goals (Ali *et al*., 2022). Team climate is particularly important in the manufacturing industry because employees with a strong perception of their work environment are fully committed to ensuring the delivery of high-quality products. The focus on addressing power dynamics concerns, supporting team members, building relationships, ensuring justice and equity, and emphasis on shared decision-making has increased attention on inclusive leadership (Korkmaz *et al*., 2022; Nembhard and Edmondson; 2006; Randel *et al*., 2018). Also, there are relationships between inclusive leadership and

employee outcomes (e.g., innovative work behaviour) (Javed *et al.*, 2019) and team outcomes (team innovation and team performance) (Mitchell *et al.*, 2015; Ye *et al.*, 2019). Since employees' attributes influence team climate and drive performance in the work environment (Sun *et al.*, 2014), it is expected that inclusive leadership is likely to facilitate team climate at the team level.

In addition, the relationship between inclusive leaders and their followers is likely to be influenced by social exchanges (Choi *et al.*, 2015; Korkmaz *et al.*, 2022; Morinaga *et al.*, 2023). Previous studies on inclusion and inclusive leadership have utilised the social exchange theory to examine the impact of inclusion and its importance for individuals, groups, and organisations (Shore *et al.*, 2011; Xiaotao *et al.*, 2018). According to Korkmaz *et al.* (2022), the phenomenon of reciprocity especially in showing appreciation explains the effectiveness of inclusive leadership. Social exchange theory is a generally established theory in inclusive leadership research because of reciprocal exchanges between leaders and followers and the aspect of expressing appreciation (Aboramadan *et al.*, 2022; Ahmed *et al.*, 2020; Korkmaz *et al.*, 2022). For instance, when team members are aware that their leaders value and appreciate their contributions to the team and organisation, especially when inclusive leadership behaviours of openness, accessibility, availability, and involvement in decision-making are exhibited, this manifests positive social exchange, and team members reciprocate the goodwill (Byrd, 2022; Javed *et al.*, 2019).

Furthermore, the relationship between inclusive leadership and team climate, the moderating effects need to be investigated. Team members' perceptions of the effectiveness of inclusive leadership may be affected by trust in leadership and cultural values such as team power distance. Hence the need to examine the effectiveness of an inclusive leadership style in a different cultural context (Ye *et al.*, 2019). The study demonstrates that team power distance and trust in leadership can explain the effectiveness of inclusive leadership on team climate.

Interpersonal relationships are based on trust; hence, trust is pivotal for leadership effectiveness in thriving organisations (Siyal, 2023). Previous research has examined the moderation effects of trust in leadership on different leadership styles and employee and team outcomes (Chan & Mak, 2014; Gue *et al.,* 2018; Ötken & Cenkci, 2012; Siyal, 2023; Siyal *et al.,* 2023; Zhang *et al.,* 2021; Zhou *et al.,* 2022). For instance, result from a study by Siyal (2023) found that trust in leader strengthened the direct relationship between inclusive leadership and work engagement. Siyal *et al.* (2023) used a sample of 410 leaders-employees in the hospitality industry in China, and the results indicated that high trust in leadership strengthened the direct relationship with inclusive leadership, work engagement, and psychological empowerment. Further, the research findings from Ötken & Cenkci (2012) revealed the moderating effect of trust in leadership on the relationship between paternalistic leadership and ethical climate. Siyal (2023) suggests examining the moderating role of trust in leadership on inclusive leadership and its outcomes to promote high-quality relationships between leaders and subordinates. Hence, this research indicates that trust in leadership can strengthen the relationship between inclusive leadership and team climate.

Likewise, the literature on the influence of leadership on employee and team outcomes has demonstrated the moderating role of power distance (Ahmad and Gao, 2018; Du *et al.,* 2022; Hu *et al.,* 2017; Kirkman *et al.,* 2009; Liu & Liao, 2013**;** Wang *et al.,* 2022; Vuong and Hieu, 2023; Yang *et al.,* 2017). Power distance as a cultural value concept can be instrumental to how subordinates react to their leaders (Kirkman *et al.,* 2009). Nigeria is a country that tolerates the social stratification of power and has a high-power distance culture (Olasina and Mutula, 2015; Oruh and Dibia, 2020). Furthermore, there is a strong emphasis on groups and upholding trust in the interaction between leaders and subordinates in Nigeria. Previous studies have investigated the moderating effect of team power distance and found that team power distance moderates the relationship between servant leadership and team efficacy (Yang *et al.,*

2017). Yang *et al.* (2017) study indicates that a large power distance can reduce the positive relationship between servant leadership and team efficacy, thus lessening the interactions between leaders and team members. Ahmad and Gao (2018) study conducted in the banking sector in Pakistan found that power distance orientation moderated the relationship between ethical leadership and psychological empowerment and the relationship is strengthened for subordinates with low power distance orientation. Additionally, Vuong and Hieu (2023) study of commercial banks in Vietnam revealed that power distance orientation negatively moderated the relationship between empowering leadership, knowledge sharing and innovative work behaviour. Hence, examining the moderating role of team power distance on the relationship between inclusive leadership and team climate is worthwhile. Considering the above, the study proposes that team power distance can strengthen the relationship between inclusive leadership and team climate. Therefore, based on the theoretical foundation of social exchange theory, this study is among the first to investigate the moderating role of team power distance and trust in leader in the relationship between inclusive leadership and team climate.

To respond to the research gap on the role of inclusive leadership, this current study addresses the following research questions: How does inclusive leadership influence team climate? And what effect does team power distance and trust in leadership have on the relationship between inclusive leadership and team climate? This study's research questions originate from the need to acknowledge that inclusive leadership is a promising leadership style while at the same time seeking to understand better the team processes that emerge from leadership and lead to an effective team climate. This research responds to the recent call by Chiu *et al*. (2021) to investigate the pivotal leadership style that can better facilitate team climate because the effectiveness of transformational leadership might be lessened for team climate with a productivity or manufacturing priority.

Using a team-level survey (individuals nested in 59 teams) among 247 employees from manufacturing firms in Nigeria, this present study makes several contributions to the inclusive leadership literature. First, by drifting away from the scholastic routine of exploring transformational leadership as a dominant leadership style and its effects on team climate and having as a focal point the role of inclusive leadership on team climate, this current study contributes to advancing the extant studies on the relationship between leadership and team climate. Second, the study confirms that inclusive leadership can predict team climate, thus providing further evidence for the effectiveness of inclusive leadership on team outcomes (Jia *et al.,* 2022; Ye *et al.,* 2019). By drawing on the social exchange theory and introducing team power distance and trust in leadership as moderators in the model, this study addresses the pertinent question of how inclusive leadership is of more importance to organisations. From a research perspective, this study reinforces existing research on inclusive leadership on the relevance of these moderators that can better facilitate our understanding of how these team-level processes lead to an effective team climate. Third, from a practice perspective, this study provides insights for organisational managers about inclusive leadership behaviours that clearly indicate that innovative ideas are welcomed and recognised, which would help establish a supportive team climate favourably disposed towards creative activities.

The paper is organised as follows. First, the review of the literature and discussion of the theoretical background. Secondly, the study hypothesises the impact of inclusive leadership on team climate and the role of team power distance and trust in leadership in moderating the relationship between inclusive leadership and team climate. Thirdly, the study discusses the research methods, including data collection, measurement, and analysis. Finally, the paper ends with theoretical and practical implications, limitations and recommendations for future research, and conclusion.

Theoretical framework

Social exchange theory

The norm of reciprocity determines social exchange theory (Fan *et al.,* 2021) which is regarded as an influential conceptual perspective across several disciplines, e.g., management, social psychology, sociology, and anthropology (Cropanzano and Mitchell, 2005; Cropanzano *et al*., 2017). Social exchange theory is a theoretical foundation to understand the importance of inclusive leadership at the individual, team, and organisational level (Choi, *et al*., 2015; Qiu and Liu, 2017; Xiaotao *et al*., 2018). Scholars have asserted that social interrelationships between leaders and employees are portrayed by long periods of mutual commitment and reciprocity (Fan *et al*., 2021). Furthermore, there has been an increase in the number of empirical studies on how inclusive leadership prompts social exchange activities with employees (Aboramadan *et al.,* 2022).

According to the social exchange theory (SET), the good treatment exhibited by supervisors towards subordinates creates an obligation to return the goodwill (Yasin *et al*., 2023). Blau (1964) defined social exchange theory as the "voluntary actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others" (p. 91). Social exchange theory underscores the unrestricted beneficial exchange between organisations and employees with the optimism that favourable treatment will be reciprocated (Javaid et al., 2023; Gould-Williams and Davies, 2005). Leaders and their employees engage in exchange activities as leaders ensure that suitable measures are in place to guide their employees to act in accordance with the job regulations, and employees gain satisfaction by conforming to the favoured leadership style (Yuan *et al*., 2022). When leaders base their social relationships with employees on mutual trust and motivation, employees reciprocate the actions of their leaders by being committed to the organisation and delivering its objectives (Ma and Tang, 2022). According to Gould-Williams and Davies (2005), trust is

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essential in developing social exchange relationships between two or more persons to entrench reciprocity, increase the 'positive work attitudes' of employees and make them desirous of remaining with the organisation. Gould-Williams and Davies emphasised that the absence of trust could lead to flawed outcomes such as demotivation, nonchalance, negativity, and pessimism between a group of people.

The supportive environment created by inclusive leaders to appreciate employees' contributions to the workgroup demonstrates that a reciprocal relationship at the team level will be distinct according to the diversity of team members. Extant research has affirmed the relevance of the social exchange theory as a theoretical framework to explain the positive impact of inclusive leadership and team creativity (Ma and Tang, 2022). Hence, social exchange theory constitutes the theoretical foundation of this study.

2.1. Inclusive leadership and team climate

Leadership and team climate have been examined in previous studies, and organisational leadership have been suggested as an important element that influences the perception of climate in organisations (Gil *et al*., 2005). Anderson and West (1998) defined team climate using the following four factor model: vision, participative safety, task orientation, and support for innovation. Vision refers to work groups having plain and attainable objectives that they focus on. Participative safety refers to active participation in work group relationships and interactions in a non-threatening climate. Task orientation refers to a total commitment to excellence in task performance, and support for innovation refers to the "expectation, approval and practical support of attempts to introduce new and improved ways of doing things in the work environment" (West, 1990, p. 38). Based on the distinctive influence of organisational leaders, team members can be made to have an explicit understanding of team climate (Sun and Shang, 2014). Since inclusive leaders maintain a good relationship with their team members, are available to involve team members in decision-making, and provide the avenue

for team autonomy, they empower their employees to commit to the task and influence team climate. Leader behaviours help to perpetuate a positive organisational work climate and "a positive climate is reinforced as followers begin to adopt the organization's values, internalizing them as their own" (Kinnunen *et al*., 2016, p. 333).

Inclusive leadership, introduced by Nembhard and Edmondson (2006, p. 947), refers to "words and deeds exhibited by a leader or leaders that indicate an invitation and appreciation for others' contributions". Inclusive leadership is distinct from other leadership styles notably, transformational leadership (Ashikali *et al*., 2021; Ye *et al*., 2019) because inclusive leaders display openness, accessibility, and availability in their relationship with their subordinates (Jia *et al*., 2022; Ye *et al*., 2019). Moreover, management scholars suggest that inclusive leadership, compared to other leadership styles, promotes diverse contributions and employees' perceptions of belongingness (Al-Atwi and Al-Hassani, 2021; Kuknor and Bhattacharya, 2022; Randel *et al*., 2018; Shore and Chung, 2022). The positive outcomes of inclusive leadership has been discussed in previous studies, including team innovation (Ye *et al*., 2019), team creativity (Jia *et al*., 2022), and innovative work behaviour (Javed *et al*., 2019a; Javed *et al*., 2019b). Based on social exchange theory (Blau, 1964), inclusive leadership is closely associated with reciprocity. The norm of reciprocity directs the social exchange process whereby an individual is obligated to repay the goodwill received from another (Emerson, 1976; Tse *et al.,* 2013). Therefore, reciprocity can be an important process to explain the effectiveness of inclusive leadership on team climate. Thereafter, Carmeli *et al*. (2010) contend that inclusive leaders display the attributes of openness, availability, and accessibility in their interactions with followers. Hence, inclusive leadership will facilitate team climate based on the key features of inclusive leadership.

The seminal work of Blau (1964) on exchange and power in social life set the stage for what has metamorphosed into an influential theory on social exchange. Blau's early attempts

provided the theoretical base for understanding social exchange and social processes at different organisational levels. The premise of the social exchange theory is that employees are desirous of their contribution to the team, increase their endeavour due to the fair treatment they receive from their leaders, and reveal their usefulness as to why they merit the status of inclusion in the decision-making of the team (Xiaotao *et al.,* 2018). When employees are treated fairly by their leaders in the workplace, and their interactions are based on mutual trust, they reciprocate the good favour in the future by engaging in actions or behaviours that will improve their performance (Ahmed *et al.,* 2020; Lee, 2022; Le and Nguyen, 2023; Sürücü *et al.,* 2023; Wu and Lee, 2017).

Additionally, inclusive leadership is invaluable in fostering belongingness and uniqueness in the workplace and recognises the differences in opinions of team members in a workgroup and encourages distinct contributions of team members and the exchange of diverse ideas (Ashikali *et al.,* 2021; Randel *et al.,* 2018). Also, employees' engagement with the organisation and their immediate supervisors generates a strong recognition with the team, positive perceptions of team leaders, reciprocity, and mutual trust. Therefore, taken together, the following hypothesis is proposed:

H1: Inclusive leadership is positively related to team climate.

The moderating role of team power distance

Power distance is a cultural value concept because the imbalance of status, power, and authority is an intrinsic part of the organisational environment (Cole *et al*., 2013). Power distance refers to the extent to which individuals may differ in accepting the legitimacy of unequal distribution of power (Cole *et al*., 2013; Hofstede, 2001; Hu and Judge, 2017). The concept of power distance by Hofstede (1980) focuses on the societal level (Hu *et al*., 2017). However, studies examining power distance have been tested at other levels of analysis, such as individual and teams (Cole *et al*., 2013; Hu *et al*., 2017; Liu *et al*., 2018). Paulus *et al.* (2005) emphasised that

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in low power distance teams, individuals expect that inequalities of power distribution should be reduced when subordinates are consulted by their superiors. Whereas, in high power distance teams, power inequalities between superiors and subordinates are expected and necessary.

Team power distance has been defined as shared preferences of team members "regarding the degree to which their leader's directives should be respected and shown deference" (Cole *et al.*, p. 963). Team power distance does not elucidate authoritative or submissive behaviours, instead, it focuses on the essential perceptions of leaders' behaviours and the reactions of employees or subordinates (Cole *et al.*, 2013; Hu and Judge, 2017). Additionally, when team members value power distance, there will be an increase in the power distance of the team (Liu *et al.*, 2018). According to Hu and Judge (2017), there is an increased emphasis on leader agency in teams with high-power distance as they envisage their leaders to issue explicit instructions to them, whereas teams with low team power distance display little agentic inclinations as they would rather have leaders collaborate with them, involve them in decision-making, and power sharing.

This study contends that team power distance orientation may moderate the relationship between inclusive leadership and team climate. Paulus *et al.* (2005) argued that low power distance during team relationships encourages trust and shared decision-making and eradicates conflicts due to misunderstanding, while high power distance in teams results in unresolved conflicts. Social exchange theory was employed to further explain how inclusive leaders relate with their subordinates to facilitate team climate. First, inclusive leaders create an open atmosphere for the exchange of ideas in work teams which brings about confidence and autonomy in work tasks. Second, high power distance team leaders are prone to engaging in autocratic behaviours, which reduces communication in the team, intolerance for disagreement and criticism from subordinates, which may be seen as disobedience. Third, high power

distance team leaders feel that their subordinates are obliged to readily act in accordance with their instructions which will not create an avenue for participation in decision-making (Cole *et al.*, 2013), thus weakening social exchange relationships. On the other hand, low power distance team leaders encourage participation in decision-making from their team members and ensure fair treatment of every team member. A high team power distance creates the impression that the team leader is dominant and expected to provide strong leadership (Hu *et al.*, 2017). In this situations, inclusive leaders with a moderate outlook and desirous of welcoming contributions from team members might face uncertainty because team members may feel uneasy when they are approached to discuss work issues and propose work ideas.

Fourth, a high team power distance orientation may view inclusive leadership as not ideal, thus incapacitating the impact of inclusive leadership on team climate. Contrastingly, when work teams possess low team power distance orientation, there is a great desire to participate in power sharing. Therefore, the argument is that inclusive leaders are well-suited to engage team members with low team power distance because of their affinity for contributing to the team's task and initiating new ideas. Furthermore, inclusive leadership behaviours facilitate the social exchange process with a low power distance orientation. Taken together, the following hypothesis is proposed:

H2: The positive direct relationship between inclusive leadership and team climate is moderated by team power distance, such that the positive relationship is stronger when team power distance orientation is low than when team power distance orientation is high.

The moderating role of trust in leadership

According to Ötken and Cenkci (2012), trust is a key area of research and has been recognised as a paramount feature of various leadership theories (e.g., transformational leadership and leader-member exchange) and is crucial for the goodwill of an organisation. Rousseau *et al.* (1998) provided a widely accepted definition of trust as "a psychological state comprising the

intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another" (p. 395).

Trust in leader depicts the reaction of subordinates on the motivation from their leader (Chan and Mak, 2014). Inclusive leadership acknowledges that treating others fairly prompts employees' trust in leadership. The reciprocal high-quality interaction between leaders and subordinates establishes a high level of trust that predicts subordinates' behaviour (Chan & Mak, 2014; Ötken and Cenkci, 2012; Yuan *et al*., 2022). Establishing an open atmosphere whereby inclusive leaders facilitate knowledge exchange and creative ideas fosters a team climate that supports leaders and develops high-quality mutual relationships with team members (Jia *et al*., 2022; Ye *et al*., 2019; Yuan *et al*., 2022). Moreover, trust enhances employees' productivity and devotion to their job (Zhou *et al.*, 2022).

Drawing on social exchange theory, the impact of inclusive leadership on team climate can be described in which trust in leader serve as a moderator (Ötken and Cenkci, 2012). The social exchange theory explains the processes in which inclusive leadership behaviours of openness, accessibility, and availability create a positive perception in the minds of subordinates, which will eventually bring about an inclination to reciprocate the leader's goodwill (Aboramadan *et al*., 2022). First, inclusive leaders are attentive to the needs of their subordinates by encouraging them to share their knowledge and ideas. This strengthens knowledge sharing and signifies constant communication to create an environment that shapes the team's climate (Qiu and Liu, 2017). Second, inclusive leaders emphasise fairness and justice by treating everyone equally and supporting their team members with essential resources and the provision of autonomy (Hirak *et al*., 2012). Third, inclusive leadership encourages team members to work for the workgroup's general interests, which facilitates team efficiency, diminishes workplace conflicts, and promotes team climate (Qiu and Liu, 2017).

Fourth, team members have a strong reliance on their team leaders and are prepared to repay the benevolence by contributing in ways that are useful to the team (Javed *et al*., 2019a).

This study considers the moderating role of trust in leader in the relationship between inclusive leadership and team climate because trust is an indispensable factor in the day-to-day activities of an organisation. When there is a high trust in leadership, it helps shape the perception of team climate in organisations. In summary, this study argues that leaders provide guidance for employees (Ötken and Cenkci, 2012) and interpersonal relationships are crucial to determining the extent of trust in organisation. Therefore, based on the above arguments, the following hypothesis is proposed:

H3: The positive direct relationship between inclusive leadership and team climate is moderated by trust in leadership, such that the positive relationship is stronger when trust in leadership is high than when trust in leadership is low.

The conceptual model hypothesized in this study is shown in Figure 1.

Methodology

Participants and procedure

The study samples were from multiple small manufacturing organisations in Nigeria, with industries widely distributed into textile, furniture, bakery, and palm oil production firms. Data was collected from the team members and surveyed with measures of inclusive leadership, team climate, trust in leadership, team size, and provided personal data. The team members received instructions about the purpose of the internet-based research via telephone and e-mail after they indicated interest in participating in the study. The participants were guaranteed anonymity and absolute confidentiality of the data obtained from them, and participation was voluntary. The survey was launched by giving the team members a weblink and a randomly generated team code. The generated code aims to match the team members' responses with their respective teams.

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The research participants were considered because they are employees (team members) who work in functional areas such as marketing, finance, sales, administration, and operations. Before the main data collection, a pilot study was conducted to check the satisfactory level of the survey questionnaire. The pilot questionnaire was discussed with a group Head of Marketing of a major company in Nigeria, in addition to 3 academics and 2 doctoral students from the management field. Following that, the survey questionnaire was tested among 27 team members and comments were received for improvements, which helped modify the research instrument.

Sample

A total of 400 employees nested in 59 teams were contacted to participate in the research using a link to Qualtrics. Finally, 247 team members completed the survey giving a response rate of 61.75%. Table 1 provides the demographic profile of the sample. Additionally, common method bias is recognised to be a source of risk since respondents completed the survey from each manufacturing firm. Therefore, as recommended by Podsakoff *et al*. (2003) that Harman's single factor test can be employed to address common method bias, the variables (inclusive leadership, team power distance, trust in leadership, and team climate) were loaded onto one common factor using SPSS. Mehmood et al. (2021) suggest that the single factor accounted for should be lower than 50% of the variance. In this study, it emerged that the highest variance explained by a single factor was 34.3%, therefore showing no common method bias in the study's data.

Measures and validation of constructs

Inclusive leadership was measured with a modified version of the 9-items developed by Carmeli *et al*. (2010). Sample items included 'My leader is open to hearing new ideas'. Items

were rated on a 5-point Likert scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*).

Cronbach's α of this scale was .934.

Team climate was measured with a modified version of 14-item Team Climate Inventory (TCI)

developed and tested by Kivimaki & Elovainio (1999). Sample items included 'My team's

objectives are achievable'. Items were rated on a 5-point Likert scale ranging from 1 (*strongly*

disagree) to 5 (*strongly agree*). Cronbach's α of this scale was .908.

Team power distance was measured with a modified six-item scale developed by Dorfman &

Howell (1988). Sample items included 'Leaders should make most decisions without

consulting team members'. Items were rated on a 5-point Likert scale ranging from 1 (*strongly*

disagree) to 5 (*strongly agree*). Cronbach's α of this scale was .834

Trust in leadership was measured with a modified version of the five-item developed by Leung

& Morris (2001). Sample items included 'I feel a strong loyalty to my team leader'. Items were

rated on a 5-point Likert scale ranging from 1 (*Never*) to 5 (*Always*). Cronbach's α of this scale

was .898

Control variables: Team size was controlled by asking team members to provide information

about the size of their team. Also, the study controlled for team tenure, i.e., the number of

months/years team members work together.

Data aggregation

Since the study variables were assessed by the team members, which focused on their shared

perceptions, the individuals' perceptions of inclusive leadership, team power distance, trust in

leadership, and team climate were aggregated to the team level (Chan, 1998). To justify the

appropriateness of aggregation of variables, the intraclass correlations (ICC1) – this explains

the level of variance that is attributed to the team, and the reliability of the means (ICC2), and

within-group agreement (r_{wg}) was calculated (Bliese, 2000; James *et al.*, 1984; LeBreton and

Senter, 2008). LeBreton and Senter (2008) recommended these values for $r_{wg(j)}$: 0.00-0.30 (lack

of agreement), 0.31-0.50 (weak agreement), 0.51-0.70 (moderate agreement), 0.71-0.91 (strong agreement) and 0.91-1.00 (very strong agreement). In this study, the following values were generated for ICC1, ICC2 and $r_{wg(j)}$ for the variables: inclusive leadership (ICC1 = 0.16, ICC2 = 0.45, r_{wg} = 0.98), team power distance (ICC1 = 0.33, ICC2 = 0.67, r_{wg} = 0.83), trust in leadership (ICC1 = 0.30, ICC2 = 0.64, r_{wg} = 0.90), and team climate (ICC1 = 0.24, ICC2 = 0.57, r_{wg} = 0.82). These values originate from the small teams' size in the study sample (with an average team size of 4.2 members). Bliese (2000) recommended a value of 0.05 for ICC(1) whereas ICC2 is largely determined by the team size from each team (Ali *et al.*, 2021; Bliese, 2000) and studies have indicated that ICC2 values above 0.25 are desirable (Ali *et al.*, 2021), hence low to moderate ICC2 values, between-team variability (significant *F* test statistics), significant high value of within-group agreement (r_{wg} above 0.70) provide a strong justification for data aggregation (Ali *et al.*, 2021; Shin *et al.*, 2016). Taken together, the results support the aggregation of the measures of inclusive leadership, team power distance, trust in leadership, and team climate to the team level.

Results

Descriptive statistics and factor analysis

Descriptive statistics, exploratory factor analysis (EFA) and reliability analysis were generated using IBM SPSS Statistics v. 28. Table 2 reports the means, standard deviations, reliabilities, and correlations between the variables.

The Cronbach alpha for the study measures ranges from 0.834 to 0.934, thus higher than 0.7 threshold. The factor loading of the measurement items had a minimum value of 0.6. Mahmud *et al.* (2020) suggest that higher factor loadings are necessary for the study's items. Also, factor loadings below 0.7 should be eliminated to increase composite reliability and average variance extracted (AVE) values (Hair, Howard, and Nitzl, 2020). Hence, factor loadings less than 0.70 for items in team power distance, and team climate respectively were

removed. The composite reliability coefficients range from 0.888 to 0.945, which is above the recommended threshold of 0.60 by Fornell and Larcker (1981). Additionally, the AVE ranges from 0.608 to 0.718, which is above the recommended threshold of 0.50 by Fornell and Larcker (1981).

Moreover, a confirmatory factor analysis (CFA) was conducted using IBM AMOS v. 26 to test the model fit and determine the discriminant validity of the study variables (inclusive leadership, team power distance, trust in leadership, and team climate). Some of the indices used to assess how the measurement model fits the data include the Comparative Fit Index (CFI); Tucker-Lewis Index (TLI); Root Mean Square Error of Approximation (RMSEA) and Standardized Root Mean Squared Residual (SRMR). Values above 0.90 for CFI and TLI, and 0.05 or below for RMSEA, χ^2/df less than 3 and 0.08 for SRMR indicate an acceptable fitting model (See Hu and Bentler, 1999). Moreover, the presence of the three indices indicates there is an acceptable model fit.

The results, as reported showed that the four-factor model, which included inclusive leadership, power distance, trust in leadership, and team climate showed a good model fit to the data (χ^2 = 588.297, df = 291, χ^2/df = 2.022, CFI = 0.93, TLI = 0.92, RMSEA = 0.06, SRMR = 0.05) than other alternative models such as the three-factor model (χ^2 = 955.145, df = 294, χ^2/df = 3.249, CFI = 0.84, TLI = 0.82, RMSEA = 0.10, SRMR = 0.09); two-factor model (χ^2 = 1725.289; df = 298, χ^2/df = 5.790, CFI = 0.65, TLI = 0.62, RMSEA = 0.14, SRMR = 0.13); or one-factor model (χ^2 = 2443.258; df = 299, χ^2/df = 8.17, CFI = 0.48, TLI = 0.44, RMSEA = 0.17, SRMR = 0.16). Hence, the results demonstrate that there is satisfactory discriminant validity in the study model.

Data analysis

The variance inflation factor (VIF) was checked to detect any multicollinearity of variables issues. The VIF values are lower than 2.5. According to Hair *et al*. (2014), a VIF value above

4.0 indicates multicollinearity problems in the analysis. Therefore, it is established that there are no multicollinearity concerns and proceeded to test the study's major hypotheses. The direct and interaction effects were tested using SmartPLS 4.0 to examine the data via partial least square structural equation modelling (PLS-SEM). PLS-SEM is a unique and powerful technique commonly used in management and social science research (Gelaidan *et al.,* 2023; Matzler *et al.,* 2015; Mehmood *et al.,* 2022). Nguyen *et al.* (2018) argued that PLS-SEM allows scholars to analyse the measurement (e.g., construct reliability and validity) and structural model (assess relationships among study constructs and test hypotheses) concurrently. Also, PLS-SEM permits the analysis of moderator and mediator variables. Soetanto *et al.* (2022) asserted that PLS-SEM is relevant for complex models and analysis of multiple hypotheses with a small sample size. Hence, the study model and sample present the need to utilise the PLS-SEM technique to avoid non-unique solutions.

Hypotheses testing

As Table 4 indicates, hypothesis 1 proposed that inclusive leadership has a positive and direct effect on team climate. After controlling for team tenure and team size, the findings show that inclusive leadership positively and significantly predicts team climate ($\beta = 0.524$, $p = 0.000$). Hence, hypothesis 1 is supported. As argued by Jia *et al.* (2022), inclusive leaders facilitate good interpersonal relationships with their subordinates and provide them with support mechanism to aid their productivity.

Hypothesis 2 and 3 proposed the moderating role of team power distance and trust in leader on the relationship between inclusive leadership and team climate. In Table 4, the interaction terms were displayed and indicate that team power distance moderates the relationship between inclusive leadership and team climate ($\beta = 0.230$, $p = 0.002$). The results of the bootstrapping analysis indicate that the direct effect of inclusive leadership on team climate was positive and significant when team power distance orientation is low. Also, trust

in leader moderates the relationship between inclusive leadership and team climate ($\beta = 0.144$, $p = 0.024$). This demonstrates that the direct effect of inclusive leadership on team climate was positive and significant when trust in leadership is high.

Figure 2 depicts the role of team power distance in moderating the relationship between inclusive leadership and team climate using a simple slope analysis (Aiken and West, 1991). As shown in figure 2, the interaction effect on team climate was stronger in low team power distance compared with high power team distance. Furthermore, figure 3 display the pattern of interaction of trust in leadership between inclusive leadership and team climate. The finding indicates that the interaction effect was stronger under high trust in leadership than under low trust in leadership. Thus, hypotheses 2 and 3 are supported.

Discussion

The aim of this current study is to develop a comprehensive understanding of how inclusive leadership influences team climate and the moderating role of team power distance and trust in leadership. Using data collected from small manufacturing industries in Nigeria – the largest economy in Africa, the findings establish the direct and positive relationship between inclusive leadership and team climate and found support for the interactive effects of team power distance and trust in leader on the inclusive leadership-team climate link. Considering the above, this research's theoretical and practical implications are provided below.

Theoretical implications

This study suggests several theoretical implications. First, this study enhances the inclusive leadership literature by incorporating inclusive leadership and team climate into a cohesive framework. Extant studies have examined the role of team climate in the workplace (teams) or organisation (Eisenbeiss *et al.,* 2008; Kinnunen *et al.,* 2016; Xue *et al.,* 2011) whilst giving limited attention to inclusive leadership. This research findings empirically support the positive

impact of inclusive leadership on team climate. Also, the study emphasised that inclusive leadership is a promising leadership style that helps organisational leaders foster team climate in organisations. Furthermore, by focusing on a sample of small manufacturing firms in Nigeria, the study findings substantiate the generality of the effectiveness of inclusive leadership (Ye *et al.,* 2019) in the Nigerian context.

Second, the study findings contribute to the literature on inclusive leadership. Previous studies have focused on the relationship between the dominant leadership styles – transformational leadership on team climate (e.g., Cheng *et al*., 2016; Kinnunen *et al*., 2016; Sun and Shang, 2014), which has limited understanding in the leadership literature of an emerging relational leadership style that is conducive for team climate. This research extends Chiu *et al*.'s (2021) work in examining the leadership style that is better suited to facilitate team climate. The focus on inclusive leadership depicts a considerable boost to the literature by providing an enriching understanding of a distinctive leadership style that is beneficial for team climate. An inclusive leader supports individuals to fully contribute to the team, helps subordinates to share creative ideas, and promotes inclusion among group members (Randel *et al*., 2018). This study extends extant knowledge on inclusive leadership by asserting that inclusive leadership can bolster the social exchange between leaders and employees in the organisation through team processes. Moreover, the team processes play a crucial role in promoting team climate. Based on the social exchange theory, this study contributes to knowledge on this subject matter by examining the role of team power distance and trust in leadership towards inclusive leadership and team climate.

Third, this study has implications for understanding the influence of inclusive leadership. Inclusive leaders had a direct influence on team climate. Essentially, it is important that inclusive leaders foster team climate to enable team members to unite in their perceptions of behaviours that are relevant to the team's work processes. This finding aligns with the recent

viewpoint on the contextual influence of inclusive leadership at different levels of organisations (e.g., organisational climate) to encourage inclusion (Randel *et al*., 2018).

Fourth, the study reveals the moderating role of team power distance and trust in leadership, thus demonstrably underscore the relevance of team processes to expound how inclusive leadership influences team climate. Even though existing studies have acknowledged several team processes (e.g., social identity) that are critical for better knowledge of team climate (Cheng *et al*., 2016; Xue *et al*., 2011), the mechanisms that can be applied by team leaders for climates are understudied (Chiu *et al*., 2021).

Fifth, this research provides additional understanding in theorising and testing the moderating role of team power distance and trust in leadership. Empirical studies on inclusive leadership in small manufacturing firms are limited. Following the studies of Hu *et al*. (2017) and Cole *et al*. (2013), the importance of team power distance on team members' relations with their leaders can determine organisational outcomes. Hence, team power distance is an important research context in organisations that deserves awareness in the inclusive leadership literature. This study reveals the interesting empirical finding that team power distance is a relevant subject that strengthens the positive relationship between inclusive leadership and team climate. This finding is consistent with the results of Guo *et al*. (2022) that power distance moderates the relationship between inclusive leadership and employee voice behaviour. Thus, this finding contributes to the inclusive leadership and team climate literature on the effect of team power distance in organisations. Also, consistent with other leadership theories, employees with trust in leader expect the support of their leaders in job demands for work fulfilment (Chan and Mak, 2014).

Managerial implications

The study results present insights and practical implications. First, the findings suggest that inclusive leadership play a paramount role in understanding team climate among small

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manufacturing firms. Furthermore, the findings provide evidence that inclusive leadership should be of utmost importance for organisational leaders to engage with teams to promote openness, availability, and accessibility to foster a climate for creativity and innovation. Specifically, this study suggests that the combination of inclusive leadership, team power distance, and trust in leadership is essential to promoting team climate. Hence, it is recommended that organisational leaders should supervise teams with low power distance to lessen unfavourable consequences and encourage a positive team climate.

Secondly, organisations can create different assessment mechanisms e.g., webinars, and inclusion training theatres, that focus on pertinent inclusive leadership matters and choose competent managers with inclusive leadership attributes, such as openness, availability, and accessibility, to monitor inclusion and effectiveness of inclusive leadership in the manufacturing industry. Training sessions on fostering belongingness and uniqueness among employees may also be applicable. Notably, organisations can emphasise the group assessment of inclusive leadership behaviours in feedback, observation, performance data, and benchmarks of leaders. Organisational leaders should exhibit inclusive leadership behaviours such as encouraging diverse contributions, ensuring justice and equity, and supporting their team members, therefore creating an environment that welcomes the expression of opinions (Randel *et al.,* 2018).

Third, manufacturing businesses should endeavour to create an outstanding social exchange relationships to directly strengthen team climate, for instance, establishing an organisational culture that facilitates inclusion in diverse cultural contexts. This study reveals that employees working in the manufacturing firms were born in the 1980s and 1990s, constituting 91.9% of the survey respondents. These respondents are aware of the need to participate in shared decision-making to integrate the diverse viewpoints presented and feel a sense of inclusion in the team (Randel *et al.,* 2018). Hence, leaders should improve the team's

work by appreciating team members' uniqueness, ensuring participation in team deliberations, and promoting trust in leadership within the team and organisation.

Lastly, this study discerned that team members with low power distance orientation to inclusive leadership gravitate towards power sharing and participation in decision-making. This study reveals that inclusive leaders are best suited to engage with team members because of the open atmosphere to express their thoughts and the willingness to discuss work-related problems with their subordinates. Leaders should develop good interpersonal relationships with team members and welcome diverse approaches from them without the fear of retribution. This study suggests that a low team power distance orientation is crucial to enhancing social exchange relationships between inclusive leaders and team members.

Limitations and recommendations for future research

The study has the following limitations, which provides direction for future research. First, cross-sectional multiple source data was collected from employees nested in teams using the survey approach and this may lead to common method bias. To reduce the impact of common method bias, future research is recommended to obtain data from team members and team leaders of the same team using longitudinal or experimental approaches to illustrate the causal effect of inclusive leadership and team climate.

Second, the study sample was restricted to small manufacturing industries (textile, furniture, bakery, and palm oil production firms), which may suggest questions around generalisability of the study findings. Therefore, future research is recommended to examine the causal effects of the variables in large and medium manufacturing industries. Also, future studies could consider involving participants from diverse industries and organisational sizes to provide additional insights into inclusive leadership. Mahmud *et al.* (2020) suggested that there are several sectors in the manufacturing industry that have diverse features. Therefore, this study recommends that other sectors in the manufacturing industry can be considered to

provide an understanding of the effect of inclusive leadership on team climate. Third, the research data was obtained from the sub-Saharan African context (Nigeria). The collectivistic culture in Nigeria makes the employees have high trust in their leaders. Sertel *et al.* (2022) argued that leadership attributes may differ depending on the individuals, teams, cultures, organisations, and countries. Hence organisational factors like culture and policies can determine leadership effectiveness in organisations. Also, the variations of power distance across different cultures should be considered since the perception of power distance and trust in leadership may vary across different cultural contexts, which could impact the perception of inclusive leadership and team climate. Also, individuals may possess different personality traits and diverse experiences, such as the nature of tasks and the degree of interdependence among team members while perceiving inclusive leadership behaviours. Future research is recommended to examine the potential impact of individual differences within the team context as regards power distance and trust in leadership on the relationship between inclusive leadership and team climate. Therefore, future studies may replicate the study theoretical model in various sectors/industries in developed and developing countries contexts or emerging economies.

Lastly, the research on the influence of inclusive leadership on team climate was conducted at the team level. Other team-level factors, such as team voice behaviours can be critical in examining the effect of inclusive leadership. Organisational level factors (e.g., organisational culture) can be explored to understand the effect of these processes on team climate. Therefore, future research can focus on team-level and organisational-level factors in the aforementioned relationships.

Conclusions

This study has as a focal point inclusive leaders and the fundamental mechanisms that enhance team climate in the Nigerian context. Drawing on the social exchange theory, the findings

indicate that inclusive leadership can promote a strong team climate for employees, as progressive leadership interventions can be instrumental in achieving inclusion and diversity in organisations. Moreover, it underscores the essential role of team power distance and trust in leadership in this process. Finally, the study provides directions for future research to improve the understanding of team climate in developing/emerging market economies.

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Table 1: Demography of sample

Variables	Characteristics	Team Members (Respondents) %
Gender	Male	51.4
	Female	48.2
	Prefer not to say	0.4
Age	20-29 years	47.8
	30-39 years	44.1
	40-49 years	7.7
	50-59 years	0.4
Education	Senior Secondary School Certificate	19.8
	National Diploma	17.8
	Higher National Diploma	24.7
	Bachelor's Degree	30.8
	Master's Degree	4.0
	PhD	2.8
Team tenure	Less than 1 year	4.0
	1 – 5 years	87.0
	6 – 10 years	8.9
Organisational tenure	Less than 1 year	3.6
	1 – 5 years	32.0
	6 – 10 years	58.3
	11 years or above	6.1
Team size	3 employees or below	8.9
	4 – 8 employees	90.3
	9 employees or above	0.8

Note: *n* of team members = 247. The percentage of team members aged 60 years old and above = 0

Table 2: Descriptive statistics and correlations

Variables	Mean	SD	1	2	3	4	5
1. Inclusive Leadership	4.21	.739	(.934)				
2. Team Power Distance	3.05	1.127	-.056	(.834)			
3. Trust in Leader	8.69	1.120	.390**	-.123	(.898)		
4. Team climate	4.43	.525	.440**	-.158*	.345**	(.908)	
5. Team tenure	2.05	.357	.068	.062	.091	-.025	
6. Team size	3.59	1.397	.148*	.116	-.081	.034	.065

N = 247; Cronbach's α are in parentheses, 2-tailed test. $*p < 0.05$, $**p < 0.01$.

Table 3: Constructs reliability and validity

Constructs	Items	Factor Loadings	Cronbach's alpha	CR	AVE
Inclusive Leadership (IL)			.934	.945	.656
	IL1	0.748			
	IL2	0.759			
	IL3	0.773			
	IL4	0.858			
	IL5	0.824			
	IL6	0.873			
	IL7	0.821			
	IL8	0.818			
	IL9	0.808			
Team Power Distance (TPD)			.834	.888	.666
	PD1	0.887			
	PD2	0.849			
	PD4	0.769			
	PD6	0.751			
Trust in Leadership (TL)			.898	.926	.718
	TL1	0.884			
	TL2	0.872			
	TL3	0.901			
	TL4	0.914			
	TL5	0.632			
Team Climate (TC)			.908	.925	.608
	TC3	0.733			
	TC4	0.800			
	TC5	0.842			
	TC6	0.798			
	TC7	0.769			
	TC8	0.817			
	TC9	0.741			
	TC14	0.730			

Note: Constructs' reliability and validity; CR = Composite reliability; AVE = Average variance extracted

Table 4: Path model analysis (Direct and Moderating Effects)

Direct and Interaction Effects	*Path Coefficients*	*Standard Deviation*	*T Statistics*	*P-value*	*Decision*
H1 IL -> TC	0.524	0.063	8.292	0.000	Supported
H2 TPD x IL -> TC	0.230	0.074	3.123	0.002	Supported
H3 TL x IL -> TC	0.144	0.064	2.256	0.024	Supported
Controls					
Team size	-0.029	0.058	0.504	0.614	n/a
Team tenure	-0.069	0.054	1.279	0.201	n/a

Note(s): N= 247; *p < 0.05; n/a = not applicable; Bootstrapping based on *n* = 5,000 subsamples; IL = Inclusive Leadership; TPD = Team Power Distance; TL = Trust in Leadership; TC = Team Climate.
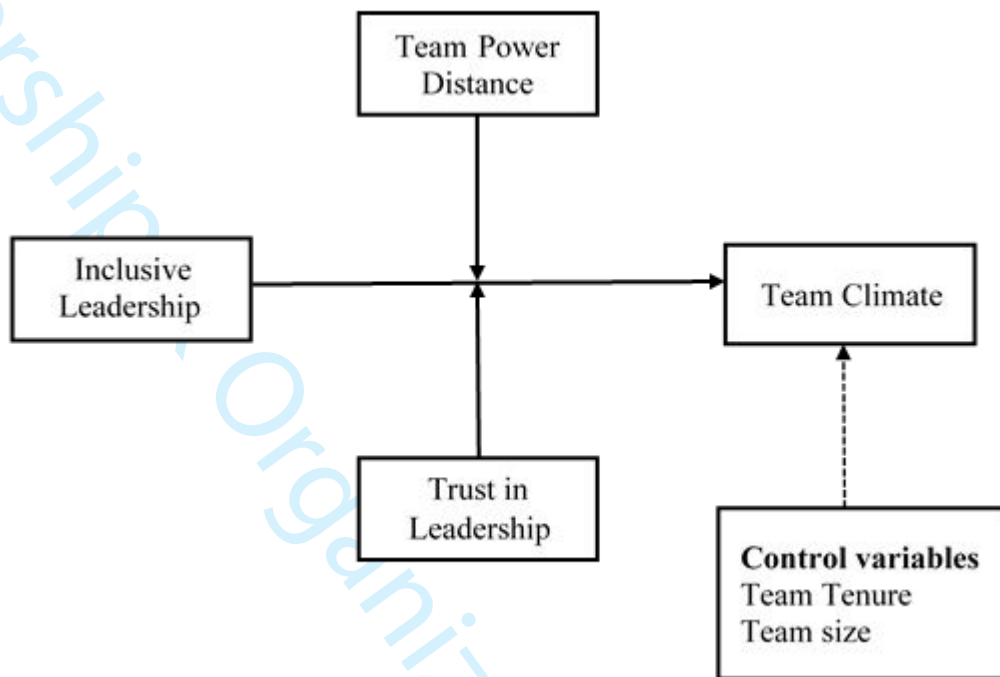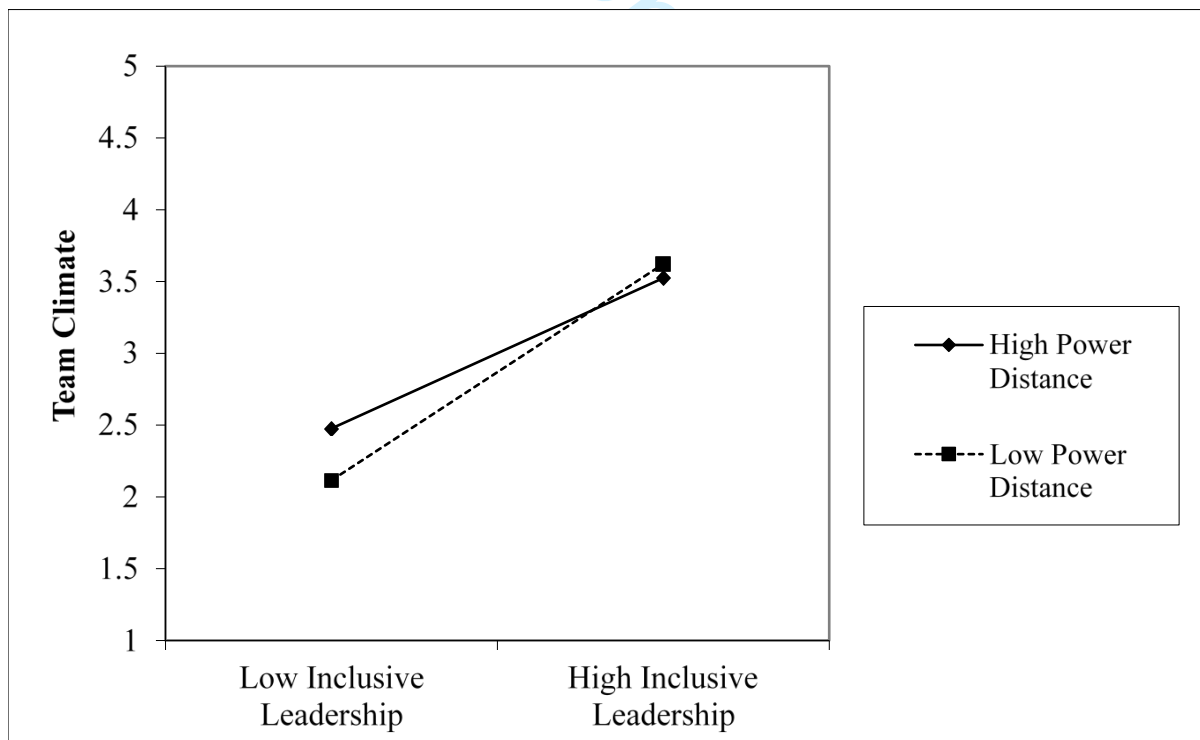
Figure 1: Research Model

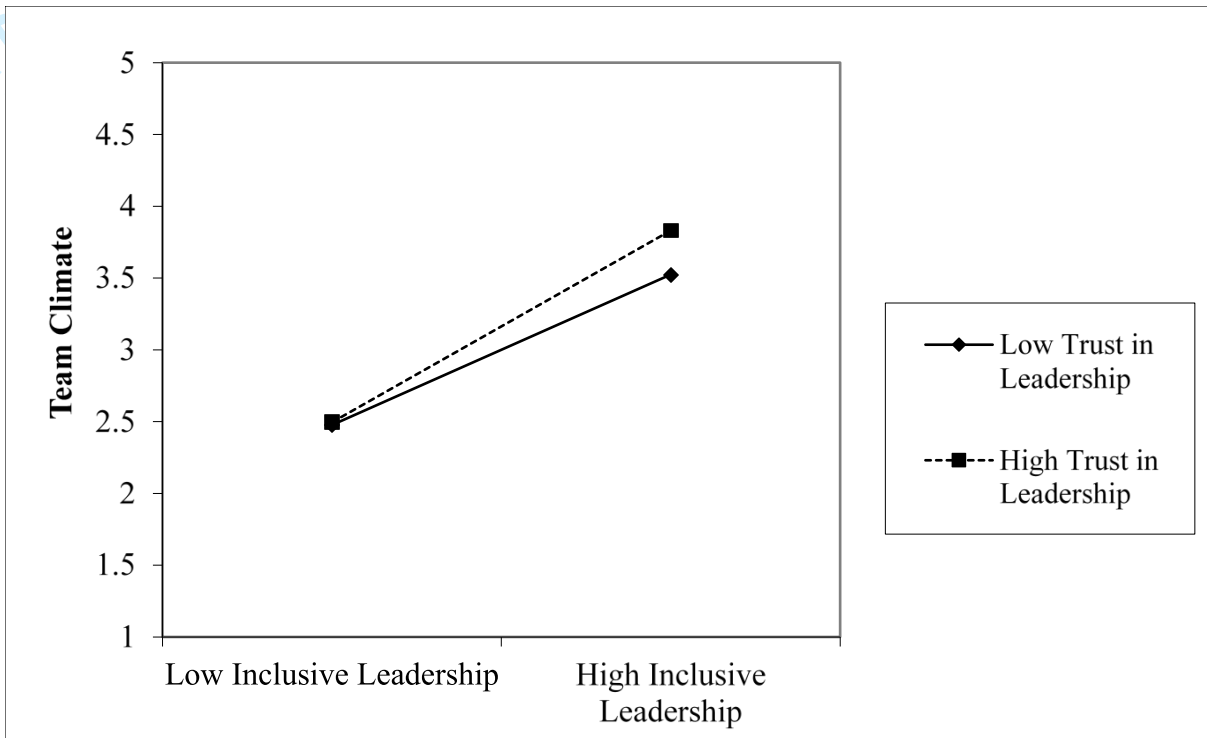**Figure 2:** The interaction of inclusive leadership and team power distance on team climate

Figure 3: The interaction of inclusive leadership and trust in leader on team climate