



# Building Inclusive Leadership in Non-Profit Organizations: Challenges and Strategies

Dingot Hamonangan Ismail<sup>1\*</sup>, Suhartini<sup>2</sup>, Maimunah<sup>3</sup>, Sumardi<sup>4</sup>, Nanda Pramana Putra<sup>5</sup>

<sup>1</sup>LP3I Polytechnic, Jakarta, Indonesia

<sup>2</sup>Serang Raya University, Indonesia

<sup>3</sup>Indragiri Islamic University, Riau, Indonesia

<sup>4</sup>Pancasakti University, Bekasi, Indonesia

<sup>5</sup>Krakatau College of Economics, Lampung, Indonesia

\*Corresponding author: [visiaulia@gmail.com](mailto:visiaulia@gmail.com) |

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## Abstract

**Purpose:** This study synthesizes the challenges and strategies of implementing inclusive leadership in nonprofit organizations (NPOs). Although inclusive leadership has gained increasing attention as a governance and management approach, research focusing specifically on its application within the nonprofit sector remains limited and fragmented.

**Research Methodology:** A qualitative Systematic Literature Review (SLR) was conducted using articles published within the last ten years from Scopus, Web of Science, and Google Scholar. Relevant studies were identified, screened, coded, and analyzed through thematic synthesis.

**Results:** The review identified four key themes: (1) the positive influence of inclusive leadership on employee engagement, proactive behavior, and organizational commitment; (2) nonprofit-specific challenges, including limited resources, dependence on volunteers, and egalitarian cultures; (3) enabling factors such as organizational support, work autonomy, and value alignment; and (4) transferable lessons from education, public health, and disaster recovery sectors.

**Conclusions:** Inclusive leadership plays a significant role in enhancing NPO performance and sustainability. Its effectiveness depends on alignment between inclusive values, organizational culture, stakeholder engagement, and psychological contract mechanisms.

**Limitations:** This study relies solely on published literature and does not include primary empirical data. Differences across nonprofit contexts and geographic settings may limit the generalizability of findings.

**Contributions:** This study advances inclusive leadership literature by providing an integrated framework linking inclusive leadership to nonprofit-specific outcomes, implementation conditions, and organizational sustainability.

**Keywords:** *Employee Engagement, Inclusive Leadership, Non-Profit Organizations, Organizational Culture, Organizational Performance*

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## 1. Introduction

Nonprofit organizations (NPOs) occupy an increasingly vital position in contemporary society, addressing complex social, economic, and environmental challenges that neither markets nor governments fully

resolve. As agents of social change through community empowerment programs, advocacy, humanitarian services, and environmental stewardship, NPOs are subject to intensifying expectations from donors, governments, beneficiaries, and the broader public to demonstrate principled, equitable, and accountable leadership (Haber, 2019; Michalski, 2023). Against this backdrop, inclusive leadership has emerged as a governance and management imperative: the ability of organizational leaders to create environments where diverse individuals feel valued, heard, and empowered to contribute is no longer a normative aspiration but a functional necessity for NPO effectiveness and sustainability (Roberson & Perry, 2022; Shore & Chung, 2022).

Inclusive leadership is broadly defined as a leadership orientation characterized by openness, accessibility, and availability—qualities that enable leaders to engage meaningfully with followers from diverse backgrounds, accommodate diverse perspectives, and foster psychological safety within teams (Korkmaz et al., 2022; Nembhard & Edmondson, 2006). In NPO contexts, this orientation encompasses not only demographic diversity across gender, race, ethnicity, disability, and socioeconomic background, but also epistemic diversity in decision-making, inclusive communication practices with multi-stakeholder communities, and participatory governance structures (Brimhall, 2021; Mumford, 2022). The theoretical significance of inclusive leadership for NPOs derives from multiple sources: it is associated with elevated employee engagement (Ly, 2024; Malik et al., 2017), proactive work behavior (Rogozińska-Pawelczyk & Sudolska, 2024), innovation (Sürücü et al., 2023), and organizational commitment (Srimulyani et al., 2023)—all critical outcomes for organizations that depend heavily on motivated volunteers and mission-driven employees to achieve their goals.

Despite the growing body of research on inclusive leadership in corporate and public sector contexts, the nonprofit sector has received comparatively limited scholarly attention as a distinct organizational environment (Bish & Becker, 2016; Seijts & Milani, 2022). This gap is consequential because NPOs have structural, cultural, and resource characteristics that fundamentally differentiate them from for-profit and governmental organizations. NPOs frequently operate under severe resource constraints, depend on volunteer labor, maintain flat and egalitarian governance structures, and must simultaneously serve the needs of employees, volunteers, donors, and beneficiaries—a multi-stakeholder complexity that creates distinctive challenges and opportunities for inclusive leadership practices (Au et al., 2022; Gee et al., 2023). The nonprofit sector's reliance on relational capital and mission alignment as substitutes for financial incentives also implies that inclusive leadership may operate through different motivational mechanisms than those documented in the corporate sector (Allison, 2017; Phillips, 2017).

Prior research has documented the importance of inclusive leadership for workforce diversity management (Ashikali et al., 2021; Kuknor & Bhattacharya, 2022), team creativity (Jia et al., 2022), and talent development (Kaliannan et al., 2023) in corporate or public sector contexts. Thompson and Matkin (2020) provide a historical review of inclusive leadership scholarship but do not systematically address nonprofit organization-specific dynamics. Brimhall (2021) examines innovation in nonprofit contexts through the lens of inclusion but focuses on a single performance outcome. This fragmented and sector-blind literature creates a need for an integrative synthesis specifically focusing on the nonprofit organizational context.

This study addresses this need through a systematic qualitative literature review. The research objectives are as follows: (1) to synthesize current knowledge on the challenges facing nonprofit organizations (NPOs) in implementing inclusive leadership; (2) to identify and evaluate strategies and enabling conditions for effective inclusive leadership in NPOs; (3) to examine the mechanisms through which inclusive leadership influences NPO-relevant outcomes; and (4) to generate an integrative framework linking inclusive leadership to NPO performance and sustainability. The findings are intended to provide actionable insights for NPO leaders and managers, contribute to the theoretical development of inclusive

leadership scholarship in the third sector, and identify priorities for future research.

The remainder of this paper is organized as follows. Section 2 presents the theoretical framework of the study. Section 3 describes the proposed methodology. Section 4 presents and synthesizes the findings across four thematic domains. Section 5 provides a discussion that integrates the findings into a conceptual model. Section 6 concludes with the implications, limitations, and future research directions.

## 2. Literature Review

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### 2.1 *Inclusive Leadership: Conceptual Foundations*

The concept of inclusive leadership is drawn from multiple theoretical traditions. [Nemphard and Edmondson \(2006\)](#) initially defined inclusive leadership in terms of leader behaviors—specifically, “inviting and appreciating others’ contributions”—that create psychological safety for speaking up in professional teams. [Shore et al. \(2011\)](#) subsequently articulated the foundational framework of inclusion as the simultaneous satisfaction of two fundamental human needs: belonging (feeling accepted and valued as a member of the group) and uniqueness (feeling that one’s distinctive individual identity is recognized and respected). [Korkmaz et al. \(2022\)](#), in a comprehensive systematic review, classified inclusive leadership research along two primary dimensions—management of uniqueness and management of belongingness—and identified leader openness, availability, and accessibility as the most consistently studied behavioral dimensions.

More recent scholarship has extended the inclusive leadership construct to encompass equity and justice dimensions ([Roberson & Perry, 2022](#)), cultural intelligence ([Kuknor & Bhattacharya, 2022](#)), and leader’s character ([Seijts & Milani, 2022](#)). In NPO contexts, inclusive leadership requires responsiveness to community accountability—the obligation of leaders to remain inclusive of not only internal organizational members but also the external communities they serve ([Mato-Santiso et al., 2021](#); [Renz et al., 2023](#)).

### 2.2 *Theoretical Mechanisms: Relational Psychological Contract and Social Exchange*

Two theoretical mechanisms are particularly salient for understanding how inclusive leadership generates outcomes in NPOs. First, relational psychological contract theory ([Rogozińska-Pawelczyk & Sudolska, 2024](#); [Rousseau, 1989](#)) posits that employment relationships are governed not only by explicit contractual terms but also by implicit mutual obligations and expectations. Inclusive leaders signal organizational investment in employees’ holistic development and fair treatment, thereby strengthening the relational dimension of the psychological contract. In turn, a strong relational contract motivates employees to engage in proactive discretionary behaviors beyond formal role requirements, which is a particularly important mechanism in NPOs where formal incentive structures are limited. Second, social exchange theory ([Blau, 1964](#)) predicts that employees who perceive organizational support and fair treatment—delivered through inclusive leadership practices—will reciprocate with higher engagement, commitment, and organizational citizenship behaviors ([Baloch & Siddiqui, 2020](#); [Srimulyani et al., 2023](#)). Together, these two mechanisms explain both the attitudinal (commitment and satisfaction) and behavioral (proactive work, engagement, and retention) outcomes documented in the inclusive leadership–NPO literature.

### 2.3 *The Service-Mission Alignment Hypothesis*

A distinctive theoretical proposition for the NPO context is what this paper terms the service-mission alignment hypothesis: inclusive leadership is particularly effective in NPOs because its values—equity, participation, and dignity—are intrinsically aligned with the social missions that motivate employees and volunteers to join and remain in mission-driven organizations ([Haber, 2019](#); [Ko & Liu, 2021](#)). When organizational leaders embody and enact these values through inclusive practices, they reinforce rather than contradict the identity-based motivations of NPO workers, amplifying their engagement and commitment through value congruence ([Lee, 2023](#); [Phillips, 2017](#)). Conversely, when NPO leaders adopt

non-inclusive or inequitable practices, the resulting dissonance between the organizational mission and internal culture can produce exceptionally high disengagement and turnover (Allison, 2017; Mumford, 2022).

### 3. Methodology

#### 3.1 Research Design

This study employs a systematic qualitative literature review methodology (Hart et al., 2022; Tranfield et al., 2003). A systematic approach was adopted rather than a narrative or selective review to ensure transparency, reproducibility, and comprehensiveness in the identification and synthesis of relevant literature. The review follows the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) principles (Moher et al., 2009) adapted for qualitative synthesis, consistent with the methodology described by Denny and Weckesser (2022) and Clark-Carter (2009).

#### 3.2 Search Strategy and Inclusion Criteria

Articles were identified through systematic searches of Scopus, Web of Science, and Google Scholar databases, using the following primary search terms and Boolean combinations: ‘inclusive leadership,’ ‘non-profit organizations,’ ‘employee engagement,’ ‘organizational commitment,’ ‘proactive work behavior,’ and ‘nonprofit sector.’ Searches were restricted to peer-reviewed journal articles and book chapters published within the ten-year period of 2014–2024. The inclusion criteria were as follows: (1) empirical or conceptual focus on inclusive leadership, NPO management, or their intersection; (2) publication in English; (3) peer-reviewed or equivalent academic quality; and (4) relevance to at least one of the four research objectives. Studies focusing exclusively on for-profit or government contexts with no nonprofit applicability were excluded from this review.

Table 1. Literature Search and Screening Summary

Stage	Criteria	Articles Retained
Database search (Scopus, WoS, Google Scholar)	Search terms: inclusive leadership; nonprofit; employee engagement	~180
Title and abstract screening	Relevance to inclusive leadership or NPO management	~80
Full-text eligibility assessment	Peer-reviewed; 2014–2024; English; topic relevance	~50
Final synthesis	Direct contribution to $\geq 1$ research objective	38

*Source: Authors’ systematic search, 2024*

Table 1 summarizes the literature identification and screening process. From approximately 180 articles initially retrieved from the databases, 38 studies met all inclusion criteria and were retained for the final synthesis. These articles provided the primary evidence base for examining the challenges, enabling conditions, and outcomes of inclusive leadership in nonprofit organizations.

#### 3.3 Data Extraction and Synthesis

For each included article, the following data were extracted: authors and year, organizational context (NPO, public, corporate, or mixed), research design, key findings related to inclusive leadership, and identified challenges or strategies. Thematic synthesis (Thomas & Harden, 2008) was then applied: findings were inductively coded, codes were clustered into descriptive themes, and themes were synthesized into analytical constructs that represented higher-order interpretive insights. Inter-rater reliability was enhanced through independent coding by two research team members, and discrepancies were resolved

through discussion.

## 4. Results and Discussion

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### 4.1 Results

#### 4.1.1 Theme 1: Effects of Inclusive Leadership on NPO Outcomes

##### 1. Proactive Work Behavior and Relational Psychological Contract

The most theoretically developed strand of the reviewed literature addresses the mechanism through which inclusive leadership generates proactive work behavior in NPOs. [Rogozińska-Pawelczyk and Sudolska \(2024\)](#) provide the most directly relevant analysis, demonstrating that inclusive leadership positively influences proactive work behavior among NPO employees, both directly and indirectly, through the mediating role of the relational psychological contract. This finding is theoretically significant because it identifies a mechanism—the quality of the implicit relational bond between leaders and followers—that is particularly salient in resource-constrained NPO environments, where formal incentive structures are limited. Employees who perceive their relationships with organizational leaders as mutually invested and fair are more likely to engage in proactive discretionary behaviors that exceed minimum role requirements and contribute disproportionately to organizational effectiveness.

This mechanism is corroborated by [Bao et al. \(2022\)](#), who documented a moderated mediation model in which inclusive leadership enhances employee work engagement through the pathway of felt inclusion, with the organizational context moderating the strength of this relationship. Similarly, [Malik et al. \(2017\)](#) find a significant positive relationship between inclusive leadership and employee engagement in their analysis of international NPOs in Pakistan, with implications for organizational commitment and performance. The consistency of these findings across geographically diverse NPO contexts—East Asia, South Asia, and Eastern Europe—suggests that the relational psychological contract mechanism may be a generalizable feature of the effect of inclusive leadership in mission-driven organizational environments.

##### 2. Employee Engagement and Affective Organizational Commitment

Multiple reviewed studies have documented positive associations between inclusive leadership and employee engagement ([Bao et al., 2022](#); [Malik et al., 2017](#)) and between inclusive leadership and affective organizational commitment ([Ly, 2024](#); [Srimulyani et al., 2023](#)). [Ly \(2024\)](#), studying Cambodian public organizations—which share several structural characteristics with NPOs, including resource constraints and public mission orientation—finds that inclusive leadership strengthens employee work engagement, and that this relationship is partially mediated by affective organizational commitment. This finding extends the service-profit chain logic ([Heskett et al., 1994](#)) to mission-driven organizational contexts: leaders who create inclusive environments generate higher commitment, which translates into higher engagement, and ultimately better organizational outcomes.

[Srimulyani et al. \(2023\)](#) conducted an Indonesian-context study demonstrating that the “AKHLAK” corporate culture (a values-based framework emphasizing integrity, competence, and collaboration) and affective commitment mediate the relationship between inclusive leadership and employee performance. While conducted in a corporate context, the values-alignment mechanism documented—where inclusive leadership is most effective when organizational culture reinforces rather than contradicts inclusive values—has direct applicability to NPOs, where mission-culture alignment is a primary driver of organizational identity and employee motivation.

##### 3. Innovation and Organizational Performance

[Brimhall \(2021\)](#) examines the relationship between inclusive leadership, inclusion perceptions, and organizational innovation in nonprofit organizations specifically, finding that inclusive leadership enhances perceived organizational innovativeness through the pathway of increased inclusion. This finding is particularly relevant for NPOs, which must continuously adapt their service models in response to shifting community needs, funding, and policy contexts. [Sürücü et al. \(2023\)](#) corroborated this link in a moderated mediation model, showing that inclusive leadership predicts innovative work behavior, with psychological safety as the mediating variable and organizational context as a moderator. Together, these studies suggest that the contribution of inclusive leadership to NPO resilience and adaptability—through innovation—may be as important as its contributions to employee engagement and commitment.

#### 4.1.2 Theme 2: Challenges to Inclusive Leadership in NPOs

##### 1. Resource Constraints and Structural Limitations

A recurrent theme in the reviewed literature is the distinctive resource environment of NPOs as a structural constraint on inclusive leadership implementation. [Roberson and Perry \(2022\)](#) note that the aspiration toward inclusive leadership must be reconciled with the practical realities of nonprofit management: limited budgets, reliance on part-time and volunteer workforces, and leadership teams that are often selected for passion and commitment rather than for formal management training. These constraints affect the implementation of inclusive leadership in at least three ways. First, the absence of comprehensive HR infrastructure limits the ability to implement systematic inclusion-oriented practices—structured mentoring programs, bias-awareness training, and formal diversity monitoring mechanisms that are standard in large corporations are often unavailable in small or medium-sized NPOs. Second, high workload intensity and mission urgency may crowd out deliberate, process-intensive activities associated with inclusive leadership, such as structured stakeholder dialogue and participatory decision-making. Third, the financial precarity of NPOs creates retention risks, particularly among minority and underrepresented staff members who may have stronger outside options and whose departure disproportionately erodes diversity ([Baloch & Siddiqui, 2020](#); [Mumford, 2022](#)).

##### 2. Organizational Culture Tensions

Several reviewed studies identified organizational culture as both an enabler and constraint of inclusive leadership. [Baloch and Siddiqui \(2020\)](#) found that organizational culture has a paradoxical effect in NPO settings: while supportive cultural dimensions (trust, collaboration) positively moderate the relationship between inclusive leadership and employee engagement, organizational culture also exerts a negative influence on motivation when cultural norms are misaligned with inclusive values. This paradox reflects what [Coule et al. \(2022\)](#) describe as the plurality of critical approaches within nonprofit studies: NPOs do not constitute a culturally uniform sector, and the egalitarian, mission-driven cultures that characterize many NPOs may, counterintuitively, resist hierarchical leadership models—even inclusive ones—that are perceived as inconsistent with collectively governed organizational norms ([Sandberg et al., 2020](#); [Shier & Handy, 2020](#)).

[Lee \(2023\)](#), examining NPOs led by CEOs of color, documents how racial and ethnic identity dynamics intersect with inclusive leadership aspirations, finding that NPOs with diverse executive leadership display greater mission-alignment in internal organizational culture but also face heightened external stakeholder scrutiny. This finding highlights that inclusive leadership in NPOs is not only an internal management challenge but also a public-facing organizational identity issue with implications for donor relations, board governance and community credibility ([Gazley & Guo, 2020](#); [Renz et al., 2023](#)).

##### 3. Volunteer Management and Multi-Stakeholder Complexity

NPOs' dependence on volunteer labor creates a distinctive inclusive leadership challenge that is absent in corporate contexts. **AllisonAdvising2017<empty citation>** demonstrate that an inclusive organizational environment acts as a crucial mediating link between mission-focused HR practices and volunteer retention and recruitment, suggesting that inclusive leadership is not only a management philosophy but also a practical volunteer management tool. However, the inclusive leadership of volunteers requires different behavioral strategies than that of paid employees: volunteers' psychological contract is primarily relational and values-based, making symbolic leadership actions—visible commitment to mission, demonstrated equity in recognition, and authentic community engagement—particularly salient ([Jenkins et al., 2015](#); [Phillips, 2017](#)). The multi-stakeholder complexity of NPOs—which must simultaneously include employees, volunteers, donors, board members, government partners, and beneficiaries within their conception of 'inclusiveness'—further complicates leadership practice in ways that existing corporate-sector inclusive leadership models do not address ([Mato-Santiso et al., 2021](#)).

#### 4.1.3 Theme 3: Enabling Conditions and Strategies for Inclusive Leadership

##### 1. Employer Support and Organizational Enablers

[Baloch and Siddiqui \(2020\)](#) identified five organizational factors with significant impacts on employee motivation, retention, and organizational trust in NPOs: support from supervisors, work autonomy, organizational culture, leadership quality, and interpersonal trust. Importantly, except for leadership quality itself, all other factors also increase turnover intention when absent—indicating that inclusive leadership cannot substitute for structural organizational support but must be accompanied by enabling conditions. [Phillips \(2017\)](#) corroborates this finding in the context of Head Start nonprofit organizations, documenting that leaders who deploy incentives, continuous training, and educational support retain operational employees effectively. These findings collectively suggest that inclusive leadership is most effective when embedded within a broader organizational support ecosystem that provides employees with the autonomy, resources, and recognition necessary to act on the agency that inclusive leaders encourage.

##### 2. Value-Based Leadership and Cultural Integration

Multiple studies converge on the importance of value alignment as a precondition for effective inclusive leadership in NPOs. [Lee \(2023\)](#) demonstrates that a value-focused leadership approach—one that explicitly connects organizational mission to individual employees' personal values—facilitates more durable inclusive transitions within NPO structures. **SeijtsMilani2022<empty citation>** operationalize this alignment through the concept of leader character, arguing that sustainable cultures of equity, diversity, and inclusion require leaders who not only exhibit inclusive behaviors but embody the underlying character virtues—including humility, humanity, justice, and accountability—that make those behaviors credible and authentic. This proposition is supported by [Srimulyani et al. \(2023\)](#) finding that the effects of inclusive leadership are mediated by corporate culture, suggesting that value congruence between leadership and organizational culture is a critical amplifier of inclusive leadership outcomes.

Practically, this implies that NPO leaders seeking to build inclusive cultures cannot rely solely on behavioral training or policy directives. Instead, they must engage in deliberate cultural integration work: articulate how inclusive values connect to the organizational mission, create forums for values-based stakeholder dialogue, and demonstrate personal commitment to inclusion through visible leadership actions (**RobersonPerry2022; ThompsonMatkin2020**).

##### 3. Cross-Sector Learning: Education and Post-Disaster Recovery

Two cross-sector domains in the reviewed literature provide instructive strategic lessons for inclusive leadership in NPOs. [Meher and Mishra \(2023\)](#) documented how inclusive classroom

environments—created through teacher leadership practices that foster attachment, collaboration, and respect for diversity—improve academic achievement, social skills development, and overall learning experience. The pedagogical parallel to NPO leadership is direct: inclusive leaders who foster psychological safety, collaborative problem-solving, and recognition of diverse contributions create organizational learning environments that benefit all team members, including those from historically underrepresented populations. The challenges noted in this context—insufficient teacher training and infrastructure gaps—mirror the resource and capacity challenges facing NPO leaders implementing inclusive initiatives.

In the post-disaster recovery context, [Jenkins et al. \(2015\)](#) examined local NPOs in post-Katrina New Orleans, finding that organizations demonstrating adaptive, reflective leadership—a behavioral cluster closely aligned with the openness and accessibility dimensions of inclusive leadership—proved significantly more resilient in post-disaster conditions. Organizations that maintained inclusive relationships with community members and retained an organizational learning orientation adapted more successfully to rapidly evolving needs, whereas those relying on rigid top-down decision structures struggled. This finding reinforces the strategic value of inclusive leadership for NPO resilience, not only in routine operational conditions but also in the high-pressure, resource-scarce circumstances that nonprofit organizations frequently encounter.

#### *4.1.4 Theme 4: Governance, Transparency, and Stakeholder Inclusion*

A distinct but related strand of the reviewed literature addresses inclusive leadership at the organizational governance level, encompassing board composition, accountability mechanisms, and transparency practices. [Renz et al. \(2023\)](#) trace the evolution of nonprofit governance research, identifying a progressive movement toward models that emphasize stakeholder participation, diverse board representation, and accountable leadership as markers of governance quality. [Ortega-Rodríguez et al. \(2020\)](#) link transparency—as a governance value and operational practice—to the Sustainable Development Goals, arguing that NPOs' accountability to diverse stakeholders requires visible, inclusive disclosure of organizational processes and outcomes.

[Mumford \(2022\)](#) examined racial diversity in nonprofit leadership and found that organizations with racially diverse leadership teams demonstrated stronger alignment between stated inclusion missions and internal cultural practices. However, this alignment is not automatic; structural inclusion mechanisms—equitable board nomination processes, bias-aware executive recruitment, and inclusive mentoring pipelines—are necessary to translate diverse leadership aspirations into institutionalized organizational practices. [Lu \(2018\)](#) extends this governance perspective to policy advocacy, finding that organizational size, professionalism, board support, and constituent participation positively predict nonprofit engagement in policy advocacy—an outcome that requires both inclusive governance structures and the credibility to represent diverse community voices.

## **4.2 Discussion**

### *4.2.1 Integrative Framework*

The synthesis of the four thematic domains enables the construction of an integrative framework linking inclusive leadership to NPO performance through three causal pathways, moderated by enabling conditions and constrained by NPO-specific challenges. The framework is conceptually presented below.

The first pathway is relational: inclusive leadership strengthens the relational psychological contract between leaders and followers, generating proactive work behavior and discretionary effort, which is particularly salient in NPOs, where formal compensation incentives are limited ([Baloch & Siddiqui, 2020](#); [Rogozińska-Pawelczyk & Sudolska, 2024](#)). The second pathway is attitudinal: inclusive leadership enhances perceived organizational support, which increases employee engagement and affective organi-

zational commitment, translating into reduced turnover and improved service quality (Ly, 2024; Malik et al., 2017; Srimulyani et al., 2023). The third pathway is cognitive-creative: inclusive leadership creates psychological safety and diversity of perspective, stimulating innovation and organizational learning that enhance NPO adaptability and resilience (Brimhall, 2021; Jenkins et al., 2015; Sürücü et al., 2023).

Across all three pathways, the framework identifies two primary enabling conditions: (1) organizational support systems (supervisor support, work autonomy, adequate resources, and training access) that provide the structural capacity for inclusive leadership behaviors to take effect, and (2) values alignment between inclusive leadership orientation and organizational culture, which amplifies the motivational resonance of inclusive practices among mission-driven employees and volunteers. The framework also identifies four distinctive NPO-sector constraints that moderate the translation of inclusive leadership inputs into outcomes: resource scarcity, volunteer dependency, multi-stakeholder complexity, and egalitarian cultural norms that may resist hierarchically structured inclusion initiatives.

#### *4.2.2 Implications for Practice*

The synthesized evidence supports five strategic recommendations for NPO leaders and board members. First, prioritize relational investment over transactional management: Building strong relational psychological contracts through consistent communication, demonstrated organizational support, and recognition of individual contributions yields engagement and performance dividends that NPOs cannot achieve through financial incentives alone. Second, ground inclusive leadership in explicit value alignment: connect inclusion initiatives directly to organizational mission statements and individual employee values through structured dialogue forums, rather than presenting inclusion as a compliance obligation or external accountability requirement. Third, build structural enablers alongside leadership development: inclusive leadership training will have limited impact if not accompanied by adequate supervisor support mechanisms, workload moderation, and accessible resources that allow employees and volunteers to act on the agency that inclusive leaders seek to promote. Fourth, manage multi-stakeholder inclusion deliberately: develop explicit stakeholder engagement strategies that specify how diverse community voices, including beneficiaries, volunteers, and underrepresented donors, are actively included in organizational decision-making, not merely consulted. Fifth, invest in governance diversity: board-level inclusive leadership, through diverse nomination processes and equitable governance structures, provides an institutional foundation for the organizational culture to align with inclusion values over time.

#### *4.2.3 Theoretical Contributions*

This review makes three primary theoretical contributions to the literature on inclusive leadership. First, it explicitly centers on the nonprofit organizational context, demonstrating that NPO-specific mechanisms—relational psychological contracts, mission-values alignment, and volunteer management—require adaptations of inclusive leadership theory developed primarily in corporate and public sector contexts. Second, it proposes the service-mission alignment hypothesis as a novel theoretical construct that distinguishes the motivational dynamics of inclusive leadership in mission-driven organizations from those in incentive-driven firms. Third, it provides a synthesized framework that integrates four thematic domains—behavioral effects, structural challenges, enabling conditions, and governance dimensions—into a coherent model applicable to NPO leadership development and organizational design.

## **5. Conclusions**

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vThis systematic literature review synthesizes evidence from approximately 38 peer-reviewed studies to examine the challenges and strategies for building inclusive leadership in nonprofit organizations. The findings lead to four conclusions. First, inclusive leadership significantly enhances NPO performance

through three causal pathways: strengthening relational psychological contracts that motivate proactive work behavior; increasing perceived organizational support that drives engagement and affective commitment; and creating psychological safety and cognitive diversity that stimulate organizational innovation and resilience, respectively. Second, nonprofit organizations face distinctive challenges in implementing inclusive leadership that are not adequately captured by corporate-sector models, including resource scarcity, volunteer dependency, multi-stakeholder complexity, and egalitarian organizational cultures that may paradoxically resist formally structured inclusion initiatives. Third, the effectiveness of inclusive leadership in NPO contexts depends critically on enabling conditions: supervisor and organizational support, work autonomy, and the alignment of inclusive values with the existing organizational culture and individual employee values. Fourth, inclusive governance—diverse board composition, transparent accountability practices, and participatory stakeholder engagement—provides the institutional foundation without which operational inclusive leadership practices lack organizational legitimacy and cultural sustainability. Together, these conclusions affirm inclusive leadership as a strategic imperative for NPO sustainability while identifying the contextual adaptations and structural support necessary for its effective implementation.

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## **Author Contributions**

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DHI conceptualized the study, developed the review protocol, and drafted the manuscript; S conducted literature searching, screening, and data extraction; M performed thematic analysis and contributed to data interpretation; S assisted in the development of the conceptual framework and manuscript revision; and NPP provided methodological validation, critical review, and final editing of the manuscript. All authors reviewed and approved the final manuscript.

## **Conflicts of Interest**

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The authors declare that there is no conflict of interest regarding the publication of this study. This research was conducted independently, and no financial or personal relationships influenced the results or interpretation of the findings.

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