Influence of Inclusive Leadership on Project Success with Moderating Role of Stakeholder Relationship Management

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Abstract. Purpose: Any successful organization must manage stakeholder relationships effectively. It is a deciding factor with a direct impact on the overall profit and results of the organization. As a result, research into how stakeholder relationships influence organizational functioning is required. The current study, on the other hand, seeks to investigate the moderating effect of stakeholder relationship in the relationship of two key factors i.e., inclusive leadership and project success.

Design/Methodology/approach: Using 200 questionnaires, data was collected from project employees and managers from various project-based construction firms. Data was obtained using online questionnaires to measure the influence of inclusive leadership on project success. The data was analyzed using correlation and regression analysis. The results mostly back up the hypothesis.

Findings: According to the findings, the inclusive leadership of the project manager has a positive impact on project success. Furthermore, when both internal and external stakeholders are managed, inclusive leadership drives the project to success. Practical implications: According to the findings, inclusive leadership is related to project success. It is recommended that project managers demonstrate inclusiveness in their leadership in the presence of effective internal and external stakeholder management, which will have a positive impact on project success.

Originality/value: This is the first study to look at inclusive leadership and project success in Pakistan, with internal and external stakeholder relationship management playing a moderating role.

Key words: Inclusive Leadership, Project Success, Stakeholder Management, External Stakeholder Relationship, Internal Stakeholder Relationship, Project Based Organizations.

1 Introduction

Projects are the most basic component in today’s environment. Companies are transitioning from traditional associations to project-based businesses. However, the process and strategies for guiding the project to success remain a mystery. One of the most crucial aspects of that strategy is leadership, which involves leading team members or employees toward project accomplishment. The basic ingredient by which the organization can lead to project success is

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leadership (Crant and Bateman, 2000). The purpose and goal of this article is to look into the impact of inclusive leadership on projects, with a moderating function for internal and external stakeholders, as well as the factors that influence the use of combinations of activities in projects (Nguyen et al., 2018). This study looks at how inclusive leadership (self-awareness, openness, and availability of a leader) influences project success. Leadership research has highlighted the need of understanding leadership in the context of relationships with followers and other stakeholders. We gained a better grasp of the factors that influence project success as a result of the inclusive leadership. According to project managers, the success factor has a good impact on inclusive leadership. Inclusive leadership values everyone’s skill without regard for their background or capacity to perform, and hence encourages team members to act truthfully. The primary responsibility of inclusive leaders is to successfully engage and motivate people who have been brought together to support the purpose, vision, and goals of the firm (Carmeli et al., 2010). Managerial leadership style guides the team to success, and leadership style aids team members in improving their creativity and innovation in the workplace. In general management, a manager’s leadership style determines whether the company is for the better or for the worse. Every stage of the project life cycle has a different leadership style (Turner and Müller, 2005). As a result, the current study aims to determine whether inclusive leadership is one of the most important factors that contribute to project success.

According to studies, the influence of external stakeholders has a negative impact on construction projects. As a result, it’s critical to be fully aware of external stakeholder impacts and how they could affect the project. Nguyen et al. (2018) had two goals: one, to see what factors influence strategies when they are merged by external stakeholders, and the other, to hypothesize which factors, when utilized together, will affect projects (Nguyen et al., 2018). Stakeholders identify qualities and behaviors that are socially constructed variables depending on concept, according to past studies. Authority, immediacy, and perseverance are stakeholder traits, and cooperative potential is a stakeholder behavior. With stronger authority, immediacy, and perseverance traits, catastrophe recovery projects have been successful with enhanced performance (Mojtahedi and Oo, 2017). Therefore, project managers should take the responsibility of the project management stakeholders (internal and external). Managing the responsibility of stakeholder is one of the most important components of their job. During project, for successful stakeholder relationships manager focused that the stakeholders are valued. It is important that the project creates associations with the stakeholder that are operative and of high value. Stakeholder management increase the stakeholder fulfilment and if the stakeholder is ineffective or non-serious the whole project can affect badly the abilities of an organization (Mazur and Pisarski, 2015). As a result, the current study endeavors to investigate whether inclusive leadership leads to project success in the presence of greater internal and external stakeholder relationship management.

The principles of Blau (1968) social exchange theory reinforce our case for the suggested framework. People willingly take acts because they are “motivated by the return they are projected to bring and normally do bring from others,” according to the hypothesis (Blau, 1968). We propose that one party be on the giving end while the other is on the receiving end, guided by the norms of reciprocity (Gouldner, 1960). As a result, when one party performs a valuable favour, the party on the receiving end should repay with a favour of equal value, and vice versa. As a result, the leadership-employee relationship may transform into one of reciprocity (Strom et al., 2014). When subordinates believe their superiors are really concerned about their well-being, they are more likely to improve their job/task performance in return (Turner and Müller, 2005). As a result, the relationship between inclusive leadership, internal and external
stakeholder relationship management, and project success can be viewed as a classic social interaction process. The benefits of the inclusive leadership style are characterized by the ability to provide subordinates with socio-psychological assistance. When subordinates’ perceptions of the organization are positively impacted in this way, it becomes ethically imperative for them to demonstrate a high level of dedication to accomplishing defined organizational goals and objectives.

2 Literature Review

2.1 Inclusive Leadership and Project Success

The main purpose of understanding leadership value in the relationship context is leader can produce high level of success in research. Inclusive leadership know how to engage their followers and facilitate them psychological safety and employee involvement in creative tasks in the project or organization. Especially inclusive leadership affect creativity and the establishment of perception of mental protection (Carmeli et al., 2010). Inclusive leadership engages representatives to face challenge to play out their work by imaginative work conduct. Also, the primary vision and bearings to play out the work is given to the representatives by the initiative. A pioneer ought to understand the around the world changing climate and its requests of information intensive Introduction climate and ought to instill frameworks of information (Millar et al., 2017).

Inclusive leadership involve three reinforcing facts, which are openness, second is accessibility and the last on is availability. Inclusive leadership known as a shape of interactive management; this looks at provides to the know-how of the character of management strategies that make contributions to worker involvement in innovative paintings tasks. Inclusive leadership increase our knowledge about relational leadership through focusing on a particular issue of relational leadership of inclusive leadership rather than on a large construction project. Leadership inclusiveness define leaders’ behaviors that welcome and like the contributions from other workers. They helped their team members, support and encourage them. Those leaders are at the center of relational leadership and where they always show to workers that they are available for them, whether the leader is accessible to them, and is focusing their worker needs (Carmeli et al., 2010).

The field of construction and engineering has been related with the project management. when we are talking about project success, project management have specific criteria of project success such as objectives of a project, well accepted project, quantifiable, as a rule by the ordinary triangle measures of time, spending plan, and consistence with the customer’s terms of reference or we can say that the “quality”. In projects quality, time, scope and cost is balancing by the project success and competing demand for projects (Aga et al., 2016). In 2010, researchers examine that inclusive leadership may have positive impact toward the leaders, or innovative self-viability.so they said that it is very important to look for approaches for understanding how workers creativity is encouraged by inclusive leadership. In particular, a new survey of the hypothesis and examination on administration and creativity has called the attention to that “although an increasing compilation of empirical studies has examined leadership for creativity, to date, this line of inquiry is still in its nascent stage” (Carmeli et al., 2010). With these arguments, we examined a following statement and relationship.

Hypothesis 1: Inclusive Leadership will have significant positive impact on project success.
2.2 Moderating role of Internal Stakeholder Relationship Management

It was established that the internal relationship of the stakeholders is valid and reliable. It plays a pivotal role in the process of management of stakeholders. Supervisors and team members are termed as the internal stakeholders who lie within the organization that is being under the project manager. If the stakeholders are not managed effectively it will result in low satisfaction of the stakeholders towards the outcomes of the project, it may even have an effect on the future possible business opportunities as they may be considered as incapable in handling the stakeholders. In the field of project management, the relationships are extensively been studied especially by doing qualitative research using tools as candid interviews, by observing the behavior and situations, narrating the stories carrying out case studies and doing the analysis on the social network platforms (Mazur and Pisarski, 2015).

The earlier research work carried out on transformational leadership resulted in the positive impact on the project success, a very little and negligible work explained the prime mechanisms of relationship aimed transformational leadership and the project success. The use of Transformational leadership and its influences on project success have been insufficiently and with less information being discussed in literatures of project management. It is important to understand that the transformational leadership has no positive effect in the behaviors and is very weak in the context of the project manager as compared to the line manager, this leads to do the research and study the impact of these factors either moderating or using as a mediator by establishing the relationship among transformational leadership and it outcome to gather and understand it more effectively (Aga et al., 2016).

The literature has some specific steps which should be adopted in order to manage the involved stakeholders in an efficient and effective manner. It is suggested to firstly identify the stakeholder and from the available models for the management of the stakeholder’s one suitable must be selected and the stakeholders must be classified in the process (Mazur and Pisarski, 2015).

The assumption during the study was made that the transformational leader behavior is the factor contributing as an interference in team building, which in response is showing its impact on the success of the project. By understanding the mechanism of causal and effect of the transformational leadership on the success of the project we can more clearly express and understand this relationship. Importantly, it enables to understand that how the impact results can further be used a guide in practice the organizations that are project based and hence can gain the advantage of its effect in a maximum manner (Aga et al., 2016).

The literature is of an opinion strongly that the impact of the internal stakeholders which is described as image building of the organization could be strong on the external stakeholders’ organizations image. The research served as the basis towards an approach in which involvement if the employees is facilitated along with the approach of leadership style which involves collaboration inclusion importantly the cooperation among the organization which gives them strength and improves the image. The main focus of this study was the second phase of this research which was directed towards identifying whether the ideologies that are set for the framework supports the internal image building of the organizations in a stronger manner or not and to find the co relation among the values identified. This framework was developed on regulating the examples and their relationship in view of the stakeholder’s theory (Slabbert et al., 2016).

The suggestions and results based on the study arises that the relationship of management and the employees moves in a positive manner that is achievement of common goals, their
honesty and integrity, how much they ethically follow the standards set and how much social values and norms are being followed and more over the relationship should not be directed in an economic self-interest. The engagement of the stakeholders is termed as the involvement of the stakeholders in the decisions that will be made for the success and management of the project and to encourage them to participate and act. Importantly it is to identify that how in stakeholder can influence the others and his decisions can impact the project. Inclusiveness of stakeholders results in giving the stakeholders the opportunity to express and give decisions but that also adds up the responsibility and becomes answerable too (Slabbert et al., 2016). With these arguments, we examined a following statement and relationship.

Hypothesis 2: Internal stakeholder relationship management will moderate the relationship between inclusive leadership and project success in such a way that this relationship will be strong when internal stakeholder relationship management is high.

2.3 Moderating Role of External Stakeholder Relationship Management

The term external stakeholders mean that the stakeholders in the project who are not from the organization of the project. They are the outsiders such as the customers, contractors, the government bodies having an impact on the project, the surroundings of the project which can be termed as environment etc. The contractors are the external stakeholders but we mostly consider them as the people or teams contracted by our project managers, in such scenario as they are working towards the outcome of the project, we start considering them as well as internal stakeholders. Earlier it was explained that how we should categorize our stakeholders and once the categorization is carried out, we than should involve and inform our stakeholders as prescribed in the model and the same relationship than should be met to keep them satisfied. The focus is on maintain and establishing different types and stages of relationship to manage and maintain with our stakeholders for project manager interest and competency matters the most (Mazur and Pisarski, 2015).

Mazur and Pisarski (2015) decided to carry this research on stakeholder’s relationship impact on project success were focused various factors, the key focus of their research was to gauge that how project managers develop relations with stakeholders. How much quality of relationship they maintain and how effective they are actually? Aaltonen et al. (2008) found that the effective stakeholder management is more required in the projects that are carried out internationally as compared to the national or state level projects. This study helps in identifying that how the project management and stakeholder’s relationship had an impact on the project success, and how primarily the features of effective management influenced by both internal and external stakeholder. Therefore, the effect of inclusive leadership on project success needs further investigation in the presence of external stakeholder relationship management as moderator. Based on above arguments, following hypothesis is proposed:

Hypothesis 3: External stakeholder relationship management will moderate the relationship between inclusive leadership and project success in such a way that this relationship will be strong when External stakeholder relationship management is high.
2.4 Research Hypothesis

Hypothesis 1: Inclusive leadership has a significant positive impact on project success.

Hypothesis 2: Internal stakeholder relationship management will moderate the relationship between inclusive leadership and project success in such a way that this relationship will be strong when internal stakeholder relationship management is high.

Hypothesis 3: External stakeholder relationship management will moderate the relationship between inclusive leadership and project success in such a way that this relationship will be strong when external stakeholder relationship management is high.

3 Methodology

3.1 Sample and Data collection Method

The current research population consists of project employees and project base organizations from Islamabad and Rawalpindi. These respondents work in the construction industry. The data was gathered from employees and their managers using a convenience sampling technique. A total of 250 questionnaires were distributed to employees online via WhatsApp and email, and they responded. Respondents’ voluntary participation was ensured, as was their informal consent. All respondents were assured of the confidentiality and anonymity of their data. 300 questionnaires were distributed to employees, and a total of 200 responses were received, but only 180 were usable, yielding a response rate of 60%. This response rate is consistent with previous studies in Pakistan (Faiz et al., 2021).

The sample comprised 69.3% male and 39.1% female. 37.2% of the respondents were between 18 to 25 years of age. The respondents between 26 to 33 years were 45.6% and the remaining 2% were 34 years and above, 67.2% of the total respondents had an experience of 1-5 years, 6.7% of them had an experience of 6-13 years and only 2% held more than 14-21 years of
experience. Finally, 48.9% respondents indicated that they have a bachelor’s degree and 32.4% had MS/MPhil degree.

3.2 Scales

Variables of present study were assessed using a 5-point Likert response scale, where 1 refers to Strongly Disagree, 2 refers to Disagree, 3 refers to Neutral, 4 refers to Agree and the last option no 5 refers to Strongly Agree.

3.2.1 Inclusive Leadership

To measure inclusive leadership, 9 item scale adopted from Carmeli et al. (2010) was used. The sample item is “The manager is open to hearing new ideas (openness)”. The Cronbach alpha of the instrument was (0.76).

3.2.2 Internal Stakeholder Relationship Management

To measure Internal Stakeholder Relationship Management, 12 item scale adopted from Mazur and Pisarski (2015) was used. The sample item is “I am committed to the people I work with”. The Cronbach alpha of the instrument was (0.86).

3.2.3 External Stakeholder relationship management

To measure External Stakeholder Relationship Management, 12 item scale adopted from Mazur and Pisarski (2015) was used. The sample item is “I feel competent and fully able to maintain a relationship with a project stakeholder”. The Cronbach alpha of the instrument was (0.84).

3.3 Project Success

To measure Project Success, 10 item scale adopted from Aga et al. (2016) was used. The sample item is “Given the problem for which it was developed, the project seems to do the best job of solving that problem.” The Cronbach alpha of the instrument was (0.83).

4 Results

4.1 Descriptive Statistics & Correlation for the Study Construct

Table no 2 present the mean values, the standard deviation (SD) and correlation analysis for all the theoretical variables. The result shows that the inclusive leadership was significantly correlated with internal stakeholder relationship management (r=.41, p<0.00), external stakeholder relationship management (r=.36, p<0.00), project success (r=.24, p<0.00), internal stakeholder relationship management significantly correlated with external stakeholder relationship management (r=.65, p<0.00), project success (r=.49, p<0.00) and the last external stakeholder relationship management significantly correlated with project success (r=.56, p<0.00).
Table 4.1: Descriptive Statistics & Correlation for the Study Construct

<table>
<thead>
<tr>
<th>Construct</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inclusive Leadership</td>
<td>3.75</td>
<td>.48</td>
<td></td>
<td></td>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>Internal Stakeholder relationship management</td>
<td>3.77</td>
<td>.56</td>
<td>.41*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External Stakeholder relationship management</td>
<td>3.72</td>
<td>.51</td>
<td>.36*</td>
<td>.65*</td>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>Project Success</td>
<td>3.70</td>
<td>.52</td>
<td>.24*</td>
<td>.49*</td>
<td>.56*</td>
<td></td>
</tr>
</tbody>
</table>

N=180, P<0.05*

4.2 Regression Analysis

There is a significant and positive effect of inclusive leadership on project success, in that way we said from our hypothesis that H1 is supported, ($\beta = .26, p<0.00$). There is a significant moderating effect of Inclusive Leadership on Project Success with moderating role of Internal stakeholder Relationship Management ($\beta = .24, p<0.00$), so moderation hypothesis H2 is supported. There is a significant effect of inclusive leadership on Project success with moderating role of external stakeholder relationship management ($\beta = .29, p<0.00$).

Table 4.2: Regression Analysis

<table>
<thead>
<tr>
<th>Effect &amp; Hypothesis</th>
<th>$\beta$</th>
<th>T</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Effect</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IL→PS</td>
<td>.26*</td>
<td>3.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderating Effect 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IL×ISR→PS</td>
<td>.24*</td>
<td>2.71</td>
<td>.06</td>
<td>.41</td>
</tr>
<tr>
<td>Moderating Effect 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IL×ESR→PS</td>
<td>.29*</td>
<td>3.33</td>
<td>.11</td>
<td>.47</td>
</tr>
</tbody>
</table>

N=180, P<0.05*, IL=Inclusive leadership, PS= Project success, ISR= Internal stakeholder relationship management, ESR= External stakeholder relationship management.

Upward slope line explains a positive significant association between inclusive leadership and project success with moderating role of internal stakeholder relationship management. The high internal stakeholder relationship is represented by dotted lines and the low internal stakeholder relationship is represented by the bold line. The high internal stakeholder means that the association between inclusive leadership and project success is stronger by internal stakeholder.

Above figure no 3 shows that inclusive leadership is positivity associated with project success by external stakeholder relationship. As above figure no 2 explained the difference between bold and dotted lines, dotted lines represent low external stakeholder relationship management and bold line represent high association.
5 Discussion

The current investigation seeks to determine the impact of inclusive leadership on project success. Furthermore, present research efforts to investigate the moderating roles of internal stakeholder relationship management and external stakeholder relationship management in the association between inclusive leadership and project success. According to the finding of the study and investigation, inclusive leadership was positively associated with project success. Furthermore, managing internal stakeholder relationships moderates the relationship between inclusive leadership and project success. Besides that, managing external stakeholder relationships also moderates the relationship between inclusive leadership and project success.

Leadership that is inclusive has a significant and positive impact on project success. Numerous old studies completely support this relationship. Previous research has shown that inclusive leadership leads to positive organizational outcomes. For example, Carmeli et al. (2010) state that inclusive leadership involves employees in creative tasks, which can lead to success (Naqshbandi et al., 2018). According to a study, inclusive leadership has a positive impact on project outcomes. Innovative work behavior of employees is very beneficial for project success because it improves the performance of the organization and the outcome of the project. In addition, inclusive leadership is an important factor in bringing about change in the workplace, and that change leads to success. As a result, our hypothesis that inclusive leadership has a sig-
significant positive impact on project performance is supported. Today, project managers should involve the workforce so that they can carry out their responsibilities effectively in the organization and stand out from the competition. A project manager with strong project management specialized abilities, fitting administration, and other significant abilities will add more strength to their organization and be a source of organizational success in general.

The findings supported hypothesis 2, which stated that internal stakeholder relationships moderated the relationship between inclusive leadership and project success, resulting in a strong relationship when internal stakeholder relationship management levels were high. According to Bourne (2016), based on previous research, top management can effectively produce successful project outcomes if they focus on stakeholder management with their internal stakeholders. These findings are consistent with our findings, which state that having positive relationships with internal stakeholders can help inclusive leaders achieve greater project success.

We develop a proportion of a major project director’s apparent ability in ensuring success with an operational relationship with internal stakeholders. Internal stakeholder relationships have a significant practical impact on project directors; this study highlighted the significance of internal stakeholder relationship management which could be a great help of project managers in achieving project success. Internal stakeholder relationship management can also be used to determine whether significant project leaders’ inclusiveness leads to project success. As a result, our hypothesis relationship is supported by these studies.

The results supported hypothesis 3, which stated that external stakeholder relationship management moderates the relationship between inclusive leadership and project success in such a way that when the level of external stakeholder relationship management is high, inclusive leadership produces better project outcomes. Meng and Boyd (2017) state in their previous paper that project managers play an important role in stakeholder relationship management. And if they are successful in developing good stakeholder relationships, it could lead to project success (Pirozzi, 2019). These previous studies’ conclusions are consistent with this study’s finding that project success can be achieved when project leaders are inclusive and ensure the presence of external stakeholder relationship management. These research findings also include recommendations for relational work relationship at workplace specifically the interpersonal work relationship of project managers with stakeholders.

5.1 Managerial Implications

The study assists managers in promoting an inclusive leadership style by emphasizing availability, openness, and accessibility to create conditions for workers to express new ideas. The creativity and new ideas bring sustaining changes which leaders to the development of project. Moreover, leaders must out effort to foster a close relationship with stakeholder including both internal i.e. employees etc. and external as well. According to this viewpoint, some workers are socially intertwined while others are socially aloof. In general, intertwined workers are willing to try new things; conversely, socially aloof workers prefer the status quo and despise new changes. Managers must keep in mind that projects are temporary in nature, and employee stake is limited; therefore, stakeholder relationship management can be a useful tool for engaging employees in order to achieve the desired goal.
5.2 Limitation and Future Research Studies

Although the findings of this study have some limitations, it is important to remember some important issues that will aid in future research awareness. First, the presentation only focused on the moderating role of internal stakeholder relationships and external stakeholder relationships in the relationship between inclusive leadership and project success. Researchers in the future can investigate the underlying mechanism by investigating mediating variables i.e., psychological support, employee involvement, and engagement etc. in the relationship between inclusive leadership and project success. Second, the current study assesses the impact of inclusive leadership on project success, with internal stakeholder relationships and external stakeholder relationships serving as moderators. Future researchers can investigate the impact of other leadership styles on project success while controlling for the moderating effect of internal and external stakeholder relationships. Third, because this study used a cross-sectional research design, its mean common data was used, which limits causal deductions. Researchers can use time lag in future studies to gain more grounded causal understandings of this model. Fourth, the current study only looked at one type of project, which was a development project in Pakistan. Furthermore, the nature of development projects in our survey in terms of project duration, project team members, project dates, and project terms and conditions could be another limitation. While development projects are important, future researchers should focus on other projects such as construction and administrative projects.

6 Conclusion

According to the social-exchange perspective, when leaders demonstrate inclusiveness, employees should exhibit positive organizational behaviors that lead to project success. The current study also found that inclusive leadership has a positive impact on project success. The current study’s conclusion is consistent with previous findings (Khan et al., 2020; Rehman et al., 2020). The current study also concluded that the presence of stakeholder relationship management, both internal and external stakeholder, strengthens the relationship of inclusive leadership with project success.

References


