

# The Role of the Inclusive Leader in Driving Innovation: An Example of a Teal Organisation

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**Abstract:** The role of the leader is to create change and indicate the direction in which the organisation should go. Leader is the one who inspires, creates the organisational culture and builds emotional relationships that result in a much more effective company. His or her activity also influences the level of innovation in the company - the more inspired a co-worker perceives a leader and the greater his or her capabilities and freedom of action, the greater the chance of creating newer or even revolutionary solutions. The author's research has shown that the role of a leader in an innovative organisation cannot consist only in creating and promoting a vision, and then inspiring others to make it a reality. It can be concluded that the period of feisty and charismatic visionary leaders is slowly passing into oblivion, and their place is being taken by leaders who are able to discover and unleash the creative potential of the entire team in their talented colleagues. Amidst the evolving landscape of businesses, there is a growing focus on identifying key traits of leadership essential for effective organizational change. It is advocated that every organization should draw on these traits to innovate its employee resources. The presented results show the results of four years of research within the framework of the project entitled Teal Organisations: developing self-management and entrepreneurial culture in the age of Economy 4.0. The research shows how the understanding of innovation, the role of leadership has changed over several years and what research gaps are emerging. The research targeted micro and small enterprises in the family business sector. Insights from the third stage conducted in 2023 shed light on the qualities and competencies of leaders. The study's findings highlight that leadership fosters better team outcomes through enhanced decision-making and collaboration. Our research shows, that leaders are required to acquire, develop and refine the skills of facilitating the work of a team to effectively and continuously generate innovation. The leader must master several skills, i.e. knowing the tools of creative team work, allowing the free flow of information, the ability to integrate ideas in order to create a new, better idea, so that the valuable ones do not get diluted and are qualified for further innovative work through well-considered decisions.

**Keywords:** Leader, Innovation, Teal organisation

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## 1. Introduction

### 1.1 Leader (Inclusive)

Leadership, as defined in literature, encompasses distinct features and competencies crucial for effective functioning within a specific environment (Pasieczny, 1981; Chmiel, 2003). Key traits outlined by authors such as Kirkpatrick, Locke, Zaccaro, Kemp, and Bader include determination, motivation, responsibility, self-confidence, cognitive abilities, extroversion, emotional and social intelligence, openness, self-control, problem-solving skills, and compliance. What is more, leaders play a pivotal role in change initiatives thanks to their ability to influence employee reactions and provide clarity, connection, and accountability (Kurtessis et al., 2017; Van Buren, Greenwood, & Sheehan, 2011). Establishing respect-based relationships where employees' needs are acknowledged and met (Travaglione et al., 2017) fosters managerial support, facilitating communication and strategic decision implementation (Dasgupta, 2015).

Inclusive leadership fosters collaboration and innovation by inviting employee participation in goal-setting and decision-making processes (Bilińska-Reformat, 2011). It creates an environment where individuals from diverse roles contribute to identifying sources of innovation and engage in trust-based, joint decision-making (Garita, Martinez, 2016).

### 1.2 Innovation

The issue of innovation has been present in the literature for a long time, but in recent years it has been increasingly considered in the context of the dynamic changes that are occurring in the organization's environment and the need to adapt to them. Despite the fact that since the time of Schumpeter, considered the founder of the concept of innovation and viewing it as the creation of new combinations of existing resources (Schumpeter, 1934), many new definitions have appeared (e.g. OECD/Eurostat, 2009; Mulgury & Albury, 2003; NAO, 2009; Damanpour & Schneider, 2009; Kogabayev & Maziliauskas, 2017), what is invariably emphasized is that their essential component is creativity (e.g., Seaden & Manseau, 2001; Cropley et al, 2011; Meutia et al., 2018). Currently, in its most basic form, innovation is defined as any change that results in a benefit. In practice, innovation is associated with a series of activities aimed at creating entirely new or significantly improved

products, processes, or systems. It is often assumed that innovation occurs when a particular solution has never been used before, at least in the context of a particular company. What is important when it comes to innovation is that, in recent years, a variety of conceptual frameworks have emerged to offer a better understanding of the factors that contribute to and promote innovation (Hosseini & Azizi, 2020).

Roy & Mohapatra (2023) see creativity as one of the components of the triad (along with culture and innovation) recognizing that rootedness and cultural grouping moderate the relationship between creativity and innovation. Ek Styvén et al. (2022) conclude that the opportunity to be creative and innovative at work is an important driver for employees to stay with their current employer, similarly, Rzepka & Sabat (2022) find that creative behavior leads to innovation.

## 2. Methodology

The research used in this article is part of another research project under the name of "Teal organisations in Economy 4.0". The project involves conducting research in Poland and in selected countries of the world (USA, Georgia, Slovakia, Brazil, England, Romania, Czech Republic, Ukraine, Spain). The research is conducted in stages and includes a pilot study, core research and repeat research. The research has been and will be conducted using the principles and standards developed by the OECD - DAL (Development Assistance Committee - Networking on development evaluation). The research included a preliminary phase and three subsequent stages. It involved 622 respondents and employed CAWI and CAPI methods in accordance with OECD-DAL recommendations. Random sampling targeted Polish enterprise employees. Statistical analyses utilized the Cronbach alpha test, ANOVA method, and F test (Fisher-Snedecor) with SPSS STATISTICA software. The choice of countries is based on the availability of studies and is random.

The aim of the analysis was to record and specify those characteristic features of the surveyed companies that differentiate the level of subsequent indicators. For this purpose, a one-factor variance analysis was used as a method to verify the hypotheses. The null hypothesis with equal average values for the general population was verified by the F-test (Fisher-Snedecor). The application of this test was possible because the calculated indices could be considered as continuous variables with distributions close to normality (at the materiality level  $\alpha = 0.05$ ) based on the results of the calculations performed with the Kolomogorov-Smirnov test. A Alpha Cronbach test was carried out to verify the reliability of the questions concerning the surveyed companies. The above tests made it possible to determine the variables for which there are statistically significant correlations.

**Table 1: Scope of business activity**

		Pilot	I stage	II stage	III stage
<b>Predominant mode of the company's operation (%)</b>	Commerce	19.7	10.3	16.6	13.4
	Production	17.6	13.9	28.0	21.8
	Services	62.7	75.8	55.4	64.8
<b>Scope of the company's activity (%)</b>					
	Local	19.3	22.1	9.4	19.2
	Regional	8.2	12.4	27.3	26.3
	National	30.0	23.0	22.0	23.0
	International	42.5	42.4	41.3	31.5
<b>Number of employees (%)</b>					
	0-9	13.7	9.1	3.3	5.1
	10-49	24.0	18.8	55.1	37.6
	50-249	15.5	28.2	16.6	21.6
	250 - 999	18.5	20.9	16.6	14.9
	1000 - more	28.3	23.0	8.4	20.8

Source: Own research

The research hypothesis posits that an inclusive leader, characterized by humility and vision, effectively unites and motivates employees. Humility lends credibility to their actions, while vision is crucial for long-term organizational success. The study focused on top-level employees from family businesses, with the majority

employing up to 50 individuals (68.3%) and operating nationally (42.5%). During the study period, 11.4% represented IT companies, and 39.6% were from the hotel industry.

### 3. Variables Adopted for Research

Table 2: Basic descriptive statistics of the characteristics selected for research

		Mean	Me	Mo	N <sub>Mo</sub>	Min	Max	Standard deviation	IN <sub>With</sub>
Although leadership skills help in this position, well-developed interpersonal skills are essential to properly carrying out group tasks	Y	4.27	4	4	112	2	5	0.75	17%
Knowledge	X <sub>1</sub>	4.30	4	5	118	1	5	0.79	18%
Vision	X <sub>2</sub>	4.26	4	4	115	1	5	0.78	18%
Humility	X <sub>3</sub>	4.26	4	5	117	1	5	0.83	19%
Courage	X <sub>4</sub>	4.27	4	4	112	1	5	0.77	18%
Honesty	X <sub>5</sub>	4.44	5	5	141	1	5	0.74	16%

Source: Own research. Me – median, Mo – modal, dominant.

The respondents rated honesty (4.44) and knowledge (4.30) highest, while vision and humility scored the lowest (4.26). The Spearman rank correlation table reveals the relationships between the variables. The strongest correlations with the variable Y are found with courage (0.62) and humility (0.58), followed closely by knowledge (0.57).

Table 3: Spearman rank correlation matrix

	Y	Knowledge	Vision	Humility	Courage	Honesty
Y	1	0.57	0.54	0.58	0.62	0.47
Knowledge	0.57	1	0.62	0.60	0.61	0.64
Vision	0.54	0.62	1	0.56	0.63	0.56
Humility	0.58	0.60	0.56	1	0.61	0.58
Courage	0.62	0.61	0.63	0.61	1	0.52
Honesty	0.47	0.64	0.56	0.58	0.52	1

Source: Own research

Based on the selected set of potential explanatory variables, three models were constructed. The first is basic for all respondents, while the other two are for men and women separately.

### 4. General Model

The results of the regression analysis for the base model are presented in Table 4. The research reveals that two statistically significant variables entered the model: courage and humility. The model demonstrates a 36% fit to the data. The multiple correlation coefficient R is 60%, with a standard error of estimation of 0.60.

Table 4: Estimation results for the base model

	b*	Std. error with b*	b	Std. error with b	t(251)	p
Intercept			1.582	0.230	6.886	0.000
Courage	0.407	0.063	0.398	0.062	6.425	0.000
Humility	0.259	0.063	0.232	0.057	4.085	0.000

Source: Own research

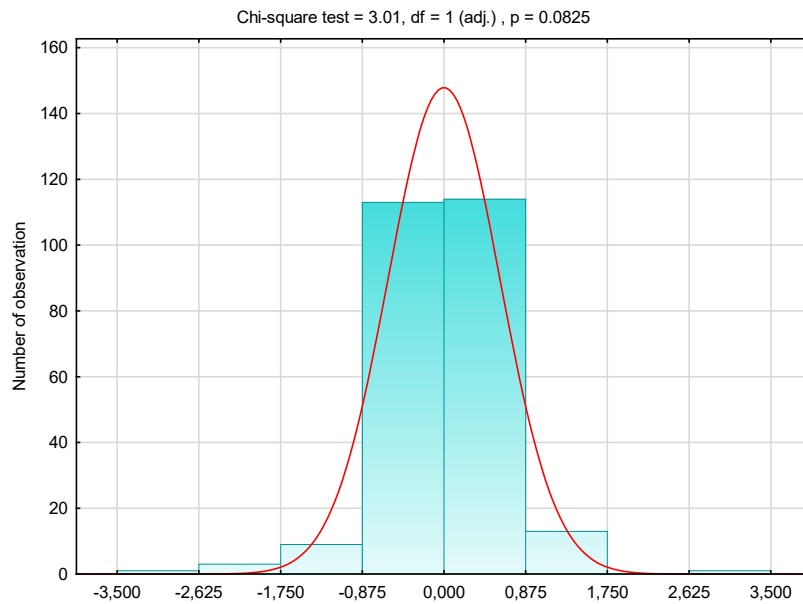
The model can be expressed as:

$$Y = 1.582 + 0.398X_4 + 0.232X_3$$

(0,230)      (0,062)      (0,057)

If the courage rating increases by 1 point, the leadership ability rating increases by 0.898 points. For every 1-point increase in humility score, the leadership ability score increases by 0.232 points.

The normality of residuals, a fundamental condition for a properly constructed model, was assessed. The analysis reveals that  $p > \alpha$  with  $p = 0.0825$ , indicating no grounds to reject the null hypothesis of a normal distribution of residuals. Therefore, the model is constructed correctly. Figure 1 illustrates the examination of the normal distribution fit.



Source: Own research

**Figure 1: Normal distribution fit – residuals of the base model**

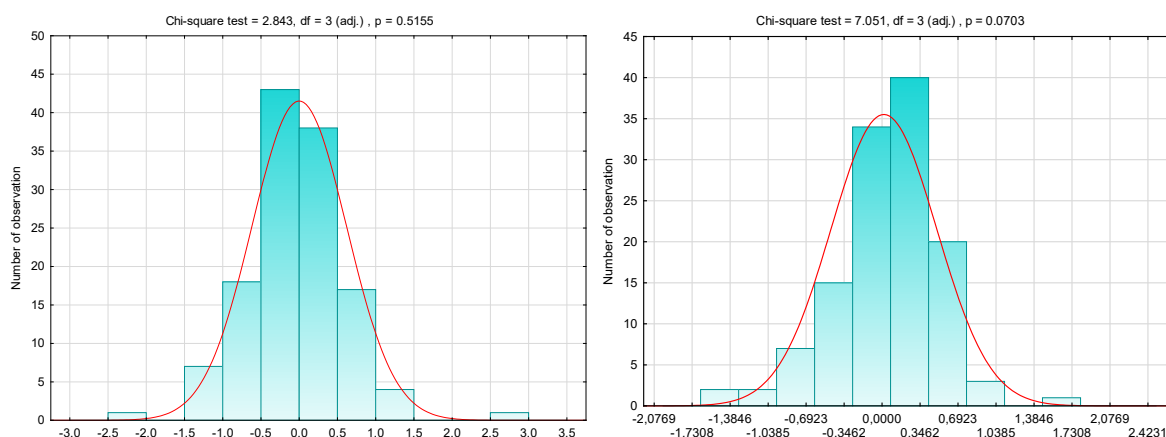
**Table 5: Estimation results for the model for men and women**

<b>Men</b>						
	<b>b*</b>	<b>Std. error</b>	<b>b</b>	<b>Std. error</b>	<b>t(126)</b>	<b>p</b>
		<b>z b*</b>		<b>z b</b>		
Intercept			1.921	0.299	6.421	0.000
Courage	0.322	0.095	0.290	0.086	3.389	0.001
Humility	0.308	0.095	0.261	0.080	3.244	0.002
<b>Women</b>						
	<b>b*</b>	<b>Std. error</b>	<b>b</b>	<b>Std. error</b>	<b>t(122)</b>	<b>p</b>
		<b>z b*</b>		<b>z b</b>		
Intercept			0.445	0.345	1.290	0.200
Courage	0.427	0.071	0.472	0.078	6.034	0.000
Knowledge	0.414	0.071	0.416	0.071	5.850	0.000

Source: Own research

Summarizing the regression results, leadership skills support men in their roles, yet strong interpersonal skills are essential for effective group performance ( $R=0.569$ ,  $R^2=0.324$ ,  $\text{Corr.}R^2=0.313$ ;  $F(2,126)=30.211$ ,  $p<.00000$ ,  $SE=0.625$ ,  $v_2=1$ ). Similarly, for women, leadership skills aid in their roles, but developed interpersonal skills are

crucial for group tasks ( $R=0.718$ ,  $R^2=0.516$ ,  $\text{Corr.R2}=0.508$ ;  $F(2,122)=65.025$ ,  $p<0.0000$ ,  $SE=0.519$ ,  $v_2=2$ ). Figure 2 depicts the distribution fit for both groups.



Source: Own research

**Figure 2: Normal distribution fit – model residuals for men and women**

## 5. Findings

As mentioned before, leadership involves influencing individuals to achieve goals. While 44.2% somewhat agreed and 34.7% strongly agreed that "a good leader should foster independent thinking and accountability among subordinates," only 2.1% disagreed, with 18% undecided. Notably, 78.1% agreed that "in relations with subordinates, a leader should act as a mentor, providing guidance and advice without taking over." Additionally, over 70% (39.2% and 38.1%, respectively) agreed that "a leader should have the knowledge to manage teams, projects, and processes effectively."

The findings show strong support for key leadership traits: "vision" and "humility". Over 70% of respondents (38.9% and 37.9%, respectively) endorse vision's ability to inspire action, while over 76% advocate for humility's importance in admitting mistakes. Effective leaders value, support, and empower their employees, motivating them to work hard and supporting them in times of need. They possess all the necessary qualities to effectively manage a team. An inclusive leader possesses specialized skills, including knowledge, acquired qualifications, innovative abilities, creativity, and analytical thinking (Rzepka et al., 2023). Interpersonal skills are paramount for team cohesion; even with strong managerial qualifications, ineffective communication can hinder success. Effective guidance from a manager is vital for achieving team goals. Minimal standard deviations across responses in Table 1 (ranging from 4.05 through 4.09 to 4.11) indicate a high level of consensus.

Research also highlights that a leader's effectiveness hinges on learnable skills that can be continuously honed, irrespective of inherent traits. Leaders should excel in social competencies for effective team leadership, including communication, active listening, feedback provision, goal motivation, positive self-presentation, problem-solving, and assertive behavior. An effective, inclusive leader is visionary, entrepreneurial, and adaptable to change.

## 6. Discussion

The results of the conducted analyses confirm the formulated research hypothesis: an inclusive leader embodies humility and possesses a long-term vision. These qualities enable the leader to foster connections among employees and foster partnerships between them, particularly crucial in the context of diversity management within family businesses.

As demonstrated, an inclusive leader should embody humility and vision. However, inclusivity in leadership is not solely defined by specific personality traits; it also encompasses the characteristics of the task situation and behaviors that can be acquired through knowledge and observation of role models (Jawad and Ozbilgin, 2015). Nevertheless, not everyone possesses the inherent traits to become a leader. Individuals with attributes such as intelligence, courage, decisiveness, eloquence, and personal refinement are predisposed to assuming leadership roles within an organization. The personality traits, leadership style, experience, and organizational knowledge of leaders all have an impact on their effectiveness.

Team members may not know their roles and responsibilities and struggle to work together effectively without a leader. Rzepka's study has confirmed that the majority of respondents (90 percent) see a leader's organizational skills as the most desirable, as they help organize a team's work. Employees frequently experience confusion, according to Ind and Watt (2004), when there is no leader to provide direction. In such cases, projects can quickly fall behind schedule, and the quality of the work may suffer. It is safe to say that there is a consensus that leaders are responsible for setting goals, providing direction, and ensuring everyone works towards a common purpose (Levis & Mills, 2018). Good team leaders must also be able to listen to feedback from their team members (and provide it) openly and constructively (Weston-Smyth, 2023).

In today's world, a leader or manager is no longer seen as someone who simply issues orders from the top of a hierarchical structure. Instead, effective management involves working collaboratively with the team, often in a supportive role. This approach has been shown to be essential for positive performance, productivity, and motivation (Khan & Mashikhi, 2017). Research has found that activities to improve teamwork, such as team-building exercises, positively impact team effectiveness and success (Aga et al., 2016). Team leaders often play a critical role in guiding their teams to success, relying on intuition to accomplish an effective leadership style that is not just about hard facts but also about using one's instincts (Gopalakrishnan, 2007). A team leader sets the tone for the team, provides direction, and helps team members work together effectively. In 2021, a study examined the impact of having a leader on team performance. The study involved an escape-room challenge (as the group dynamics observed in such places are believed to be comparable to workplace dynamics (Depledge, 2019) in which several teams participated. Randomly selected teams were asked to choose a leader before starting the task, while others were not given this option. The study results showed that the teams with designated leaders performed significantly better. Specifically, 63 percent of these teams completed the challenge within an hour, compared to only 44 percent of teams without designated leaders (Coggan, 2022).

## **7. Conclusion**

In the era of change management, "inclusiveness" emerges as a pivotal competency for contemporary, innovative leaders. Indeed, innovation stands as a cornerstone in the context of family businesses, impacting various outcomes and consequently, long-term competitiveness within their markets (Block et al., 2023; Casado-Belmonte et al., 2021; Dekker et al., 2013; Duran et al., 2016).

The idea of the Teal organization is used in practice to varying degrees depending on the circumstances. However, the more independent the employees are, the more creative they usually are. The manager of such a self-managing team assumes the role of coach and mentor for the employees. He inspires and motivates his team and supports them in achieving their goals.

The key attributes of inclusive leaders, including awareness, curiosity, commitment, cooperation, courage, and cultural intelligence, serve as primary drivers for organizational development success. Therefore, further research in this area should concentrate on delineating the influence of inclusive leadership on employee development. Additionally, fostering inclusivity facilitates the formation of employee teams, underscoring the importance of investigating the leader's role in catalyzing relationships among employees as another avenue for future research.

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