Workforce Diversity and Innovation in Nigerian Hospitality Organisations: The Mediating Role of Inclusive Leadership

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Abstract

This study examines the relationship between workforce diversity and innovation, with particular emphasis on the mediating role of inclusive leadership in a hospitality organization in Osun State, Nigeria. A quantitative research design was adopted, and data were collected using a structured questionnaire administered to the entire population of 98 employees, of which 84 valid responses were retrieved and analyzed, representing an 85.7% response rate. The data were analyzed using descriptive statistics, correlation, regression, and mediation analysis. The findings reveal that workforce diversity has a significant positive effect on innovation. In addition, workforce diversity significantly influences inclusive leadership, while inclusive leadership also contributes positively to innovation. The mediation analysis indicates that inclusive leadership partially mediates the relationship between workforce diversity and innovation. The study concludes that while workforce diversity enhances innovation, its effectiveness is strengthened when supported by inclusive leadership practices. It is recommended that organizations promote diversity alongside inclusive leadership to maximize innovation outcomes. The study contributes to existing literature by providing empirical evidence on the interaction between diversity and leadership in shaping innovation within the Nigerian hospitality sector.

Keywords: Workforce Diversity; Innovation; Inclusive Leadership; Hospitality Industry; Nigeria

Introduction

Hotels and other hospitality businesses compete first and foremost on service, and service depends on people. When a guest's experience falls short, or a competitor introduces something new first, the difference is rarely about technology; it is usually about the ideas, or the lack of them, coming from the workforce. This is why innovation has become such a pressing concern in hospitality management: without a steady supply of new ideas for improving service, firms struggle to stay competitive in markets where customer expectations keep shifting (Platania, 2025; Wang, 2025).

One factor that repeatedly surfaces in discussions of where these ideas come from is workforce diversity — differences among employees in age, gender, education, experience, and cultural background, and, increasingly, differences in values and ways of thinking (Ashikali, 2023; Wang, 2025). The intuitive argument is straightforward: people who see problems differently are more likely to propose different solutions.

The evidence for this argument is mixed, however. Cox and Blake (1991) were among the first to argue that a well-managed diverse workforce could become a genuine source of competitive advantage, and several later studies support the idea that diversity broadens the pool of knowledge a team can draw on. Just as often, though, diversity is linked to friction communication breakdowns, in-group tension, and slower decision-making, particularly where differences are not actively managed (Atiku et al., 2024).

This inconsistency points to leadership as the variable that decides which outcome prevails. In Nigeria's hospitality sector specifically, where staff are typically drawn from a wide range of ethnic, educational, and social backgrounds, the coordination demands of daily service delivery make this leadership role especially important (Karatepe et al., 2022). Inclusive leadership, leadership marked by openness, accessibility, and a genuine willingness to draw on employees' different perspectives, has been proposed as the mechanism through which diversity's potential is either realized or wasted (Kanya, 2025).

Most existing studies, however, treat workforce diversity and innovation as a direct relationship and stop there, without examining the mechanism connecting them. Where inclusive leadership has been studied as a mediator, it has mostly been in Western or Asian settings, or in Nigerian sectors outside hospitality (Emoh & Akhigbe, 2022). This leaves an open question for a sector, and a country, where the two constructs plausibly interact differently. This study addresses that question by examining the relationship between workforce diversity and innovation, and the mediating role of inclusive leadership, at Western Sun Hotel in Ede, Osun State.

Statement of the Problem

Hospitality organizations in Nigeria face persistent difficulty translating their workforce's diversity into practical innovation gains. At Western Sun Hotel, as in many similarly structured establishments, staff are drawn from a wide range of ethnic, educational, and generational backgrounds, yet management has no clear evidence of whether, or how, this diversity is contributing to service innovation, nor of the conditions under which it might instead be creating friction that undermines it. The specific problem this study addresses is the absence of empirical evidence, within the Nigerian hospitality sector, on whether inclusive leadership is the mechanism that converts workforce diversity into innovation outcomes, or whether the relationship between diversity and innovation instead operates independently of leadership style. Without this evidence, hotel managers are left to invest in either diversity initiatives or leadership development in isolation, with no empirical basis for prioritizing one over the other or combining both. This study was designed to close that gap by testing, directly and quantitatively, whether inclusive leadership mediates the relationship between workforce diversity and innovation at Western Sun Hotel, Ede, Osun State.

Objectives of the Study

The main objective of this study is to examine the relationship between workforce diversity and innovation, and the mediating role of inclusive leadership in a hospitality organization in Osun State. Specifically, the study seeks to:

- determine the effect of workforce diversity on innovation
- examine the effect of workforce diversity on inclusive leadership

- assess the effect of inclusive leadership on innovation
- evaluate the mediating role of inclusive leadership in the relationship between workforce diversity and innovation.

Research Hypotheses

H01: Workforce diversity has no significant effect on innovation.
H02: Workforce diversity has no significant effect on inclusive leadership.
H03: Inclusive leadership has no significant effect on innovation.
H04: Inclusive leadership does not significantly mediate the relationship between workforce diversity and innovation.

Literature Review

Workforce Diversity

Workforce diversity refers to the variation among employees in demographic, socio-cultural, and cognitive characteristics, age, gender, ethnicity, education, and professional background within an organization (Ashikali, 2023; Platania, 2025). Cox and Blake (1991) were among the earliest scholars to frame this variation not merely as a compliance issue but as a potential organizational resource, arguing that firms which manage diversity well can convert it into a genuine source of competitive advantage. More recent scholarship extends the concept to deep-level diversity, differences in values, beliefs, and problem-solving styles which is argued to matter more for knowledge integration and innovative thinking than surface-level demographic differences alone (Wang, 2025).

In service industries such as hospitality, where staff interact continuously with a similarly diverse customer base, this resource-based argument has particular appeal: a workforce that mirrors the diversity of its clientele is, in principle, better positioned to anticipate and respond to varied customer needs (Kanya, 2025).

This potential is not automatic, however. Ashikali (2023) cautions that diversity can just as easily produce communication difficulty, in-group/out-group tension, and reduced cohesion where it is not actively managed. The literature is therefore best read as describing a contingent relationship: diversity creates raw material for creativity, but whether that material is converted into anything useful depends on organizational conditions external to diversity itself.

Innovation

Innovation, in the organizational sense used here, is the generation and successful implementation of new ideas, processes, or service improvements that create value for the organization (Rahayu, 2025). Amabile (1988) offered one of the foundational treatments of this concept, arguing that organizational innovation depends jointly on individual creativity and on the organizational systems that decide which creative ideas get implemented — a distinction that remains useful for separating idea generation from idea execution.

In hospitality specifically, innovation rarely takes the form of new technology; it is more often visible in incremental service improvements, new ways of handling guest requests, or small process changes that improve efficiency (Platania, 2025).

As with workforce diversity, the empirical picture linking diversity to innovation is mixed: some studies report a clear positive association, while others find the relationship weakens, or disappears, once team cohesion is accounted for (Ashikali, 2023). This inconsistency is one of the reasons leadership has increasingly been treated as a boundary condition rather than a background variable.

Inclusive Leadership

Inclusive leadership has emerged as a relevant leadership approach for managing diverse workforces and enhancing organizational performance. It is characterized by openness, accessibility, fairness, and the active inclusion of employees in decision-making processes (Ashikali, 2023; Kanya, 2025). Unlike traditional leadership styles, inclusive leadership places emphasis on recognizing individual differences and creating a sense of belonging within the organization. One of the key mechanisms through which inclusive leadership influences outcomes is psychological safety. When employees perceive that they can express ideas without fear of negative consequences, they are more likely to engage in creative and innovative behaviours (Wang, 2025). This is particularly important in hospitality organizations, where frontline employees play a significant role in shaping customer experiences.

Furthermore, inclusive leadership has been shown to mitigate some of the negative effects associated with workforce diversity. By promoting fairness and reducing bias, inclusive leaders enhance collaboration and trust among team members. This suggests that leadership is not merely a contextual factor but a central mechanism through which diversity can be transformed into positive organizational outcomes.

Workforce Diversity and Innovation

The relationship between workforce diversity and innovation has been widely debated in the literature. On one hand, diversity is associated with increased creativity due to the availability of varied perspectives and experiences (Platania, 2025). On the other hand, diversity may lead to conflict and coordination challenges, which can hinder team effectiveness (Ashikali, 2023). These contrasting findings indicate that the diversity–innovation relationship is not linear. Rather, it is influenced by contextual factors such as organizational culture, leadership style, and team dynamics. In service-based organizations, where coordination and interaction are critical, the effective management of diversity becomes particularly important.

Inclusive Leadership and Innovation

Inclusive leadership has been identified as a significant predictor of innovation in organizations. By fostering an environment of openness and trust, inclusive leaders encourage employees to share ideas, take risks, and engage in creative problem-solving (Wang, 2025; Kanya, 2025). This enhances innovative work behaviour and contributes to organizational performance.

In hospitality organizations such as Western Sun Hotel, inclusive leadership can play a crucial role in improving service delivery and customer satisfaction by promoting innovation. Employees who feel included and valued are more likely to contribute ideas that enhance service quality and operational efficiency.

Mediating Role of Inclusive Leadership

Recent studies have begun to focus on the mechanisms through which workforce diversity influences innovation, with particular attention to the role of leadership. Inclusive leadership is increasingly viewed as a mediating variable that explains how diversity translates into innovation outcomes (Wang, 2025).

By fostering an inclusive environment, leaders enable employees to share knowledge, collaborate effectively, and contribute diverse ideas. This reduces the negative effects of diversity while enhancing its positive potential. However, empirical evidence on this mediating role remains limited, especially within developing economies and specific industry contexts such as hospitality.

This gap suggests the need for more context-specific studies that examine how inclusive leadership operates

in real organizational settings.

Theoretical Framework

Social Identity Theory

Social Identity Theory, originally developed by Tajfel and Turner (1979), explains how individuals categorize themselves and others into social groups based on shared characteristics such as ethnicity, age, or professional background. These categorizations can produce in-group favoritism and out-group bias, which, left unmanaged, can weaken team cohesion and performance (Ashikali, 2023). The theory is relevant to this study because it explains the mechanism by which a diverse workforce can generate exactly the kind of interpersonal friction that the literature associates with diversity's downside: differences that could be a resource instead become the basis for division.

In diverse hospitality organizations, such dynamics may result in conflict and reduced collaboration. Inclusive leadership is theorized to counter this by actively signalling that all group identities are welcome, thereby reducing the salience of the in-group/out-group boundaries that Social Identity Theory predicts.

Resource-Based View (RBV)

The Resource-Based View, formalized by Barney (1991), holds that a firm achieves sustained competitive advantage through resources that are valuable, rare, difficult to imitate, and non-substitutable. Workforce diversity is treated here as one such resource: the range of perspectives, experience, and cultural knowledge embedded in a diverse staff is, in principle, difficult for a competitor to replicate on demand. The theory is relevant to this study because it supplies the underlying rationale for treating diversity as an asset to be managed deliberately, rather than as an incidental fact about the workforce.

At Western Sun Hotel, diverse employees represent a potentially valuable resource for service delivery. Whether that potential is realized, however, depends on the management practices, including leadership style, that determine whether the resource is actually put to use.

Inclusive Leadership Theory

Inclusive Leadership Theory draws on the foundational work of Nembhard and Edmondson (2006), who introduced the construct of leader inclusiveness — the words and actions by which a leader invites and appreciates the contributions of others — and showed that it predicts psychological safety within teams. Subsequent theorizing extends this to argue that inclusive leadership behaviours enhance employee engagement, collaboration, and innovation more broadly (Atiku et al., 2024).

The theory is directly relevant to this study's model: it supplies the mechanism through which the resource identified by the Resource-Based View (a diverse workforce) is converted into the outcome predicted by the converse of Social Identity Theory, namely cohesion rather than division, and, ultimately, into innovation. This is the theoretical basis for treating inclusive leadership as a mediator rather than merely a parallel predictor.

Empirical Review

Empirical studies on workforce diversity, inclusive leadership, and innovation have provided valuable insights, although findings remain context-dependent. Emoh and Akhigbe (2022), studying Nigerian SMEs, found that workforce diversity positively influences organizational innovativeness, but stressed that this benefit was not automatic: it depended on the presence of deliberate management practices, a qualification

that anticipates the mediation argument tested in the present study.

In a more directly comparable hospitality setting, Khassawneh and Mohammad (2025) examined workforce diversity and organizational performance across 167 hospitality firms in the United Arab Emirates, framed explicitly within the Resource-Based View. They found a significant positive relationship between diversity and performance, but showed that this relationship was strengthened considerably by supporting HR practices, namely training and performance appraisal, echoing the present study's expectation that diversity's benefits are conditional on complementary organizational practices, of which inclusive leadership is one.

Platania (2025) reported that diversity significantly improves innovation outcomes when supported by inclusive organizational practices, while Ashikali (2023), studying public sector organizations, found that inclusive leadership enhances team performance specifically by reducing the conflict that diverse teams are otherwise prone to, a finding consistent with the Social Identity Theory mechanism outlined earlier.

Atiku et al. (2024) demonstrated that inclusive leadership positively influences innovative work behaviour through increased employee engagement and psychological safety, extending the original health-care-sector formulation of leader inclusiveness (Nembhard & Edmondson, 2006) into a broader organizational sustainability context. Wang (2025) reported a similar pattern, showing that inclusive leadership enhances innovation specifically by creating the psychologically safe conditions under which employees are willing to voice new ideas.

Kanya (2025) provided evidence that inclusive leadership strengthens the relationship between ethnic diversity and performance outcomes, directly suggesting a mediating role consistent with the model tested here. Rahayu (2025) similarly found that inclusive leadership improves organizational performance by enhancing collaboration and knowledge sharing.

Focusing specifically on mediation, Wang (2025) showed that inclusive leadership mediates the relationship between diversity and innovation through psychological safety, while Atiku et al. (2024) confirmed a comparable pattern in a sustainability-focused sample.

Taken together, these studies converge on the expectation that inclusive leadership functions as a mechanism rather than a mere correlate of innovation outcomes. However, the majority were conducted outside Nigeria, or within Nigerian sectors other than hospitality, and none examined a specific Nigerian hotel at the organizational level. This leaves the mediating role of inclusive leadership in a Nigerian hospitality setting, of the kind this study addresses, empirically untested.

Research Gap

The review of literature reveals that while significant research has been conducted on workforce diversity and innovation, limited attention has been given to the mediating role of inclusive leadership, particularly within the Nigerian hospitality sector. Existing studies are largely generalized and do not focus on specific organizational contexts. This study addresses these gaps by examining the mediating role of inclusive leadership in Western Sun Hotel, Ede.

Research Methodology

Research Design

This study adopts a quantitative research approach using a cross-sectional survey design to examine the relationships among workforce diversity, inclusive leadership, and innovation. The quantitative approach is appropriate because the study seeks to test hypothesized relationships and quantify the strength of associations among variables using statistical techniques.

A cross-sectional design was selected as it allows data to be collected from respondents at a single point in

time, thereby capturing employees' perceptions within their natural organizational setting. This design is widely used in organizational and hospitality research due to its efficiency and its suitability for examining both direct and indirect relationships among constructs (Karatepe et al., 2022).

Furthermore, the study employs a mediation model, which requires the simultaneous examination of multiple relationships. As such, the research design supports the use of advanced statistical techniques capable of testing complex models.

Study Area

The study was conducted at WesternSunHotel, a well-established hospitality organization located in Ede, Osun State, Nigeria. The hospitality sector in Osun State has experienced steady growth, driven by increased tourism, business activities, and demand for service-oriented enterprises. Western Sun Hotel operates as a full-service hospitality establishment, offering accommodation, food and beverage services, and event management. The organization employs individuals from diverse cultural, educational, and professional backgrounds, making it an appropriate context for examining workforce diversity and its implications for innovation.

The choice of this organization is informed by its accessibility, organizational structure, and relevance to the study variables, particularly given the importance of teamwork, service delivery, and leadership practices in hospitality operations.

Population of the Study

The population of the study comprises all employees of Western Sun Hotel, including both managerial and non-managerial staff across functional departments such as administration, front office, housekeeping, food and beverage, maintenance, and security. These employees are directly involved in service delivery processes and organizational activities that influence innovation outcomes. Based on administrative records, the total population consists of 98 employees, which reflects the diverse workforce structure typical of hospitality organizations. The distribution of staff across departments in the hotel is presented in Table 3.1 based on data obtained from the administrative records of the organization

Table 3.1: Population Distribution of Staff in Western Sun Hotel

S/N

Department/Unit

Number of Staff

1

Accounting /Administrative

4

2

Front Office

6

3

Housekeeping

31

4

Food & Beverage

31

5

Horticulture

6

6

Maintenance/Technical

6

7

Security/ Driver/ Store

14

Total

98

Source: Western Sun Hotel Staff Audit Record, April 2026.

The total population for the study is determined based on the figures obtained from the hotel. This population is expected to reflect the diverse workforce structure typical of hospitality organizations, thereby providing a suitable basis for examining the relationships among workforce diversity, inclusive leadership, and innovation.

Sample Size and Sampling Technique

Given the relatively small and accessible population of 98 employees, the study adopts a census approach, in which questionnaires were administered to every member of staff rather than to a drawn sample. This approach was chosen specifically to eliminate sampling bias: because every employee has the opportunity to participate, the risk of systematically excluding any department or category of staff is removed. Of the 98 questionnaires administered, 84 were returned complete and usable, giving a response rate of 85.7%. This is the sample size (N = 84) on which the descriptive, correlation, regression, and mediation analyses reported in this study are based.

A response rate of 85.7% is considered high for organizational survey research of this kind and reduces the concern that non-response introduced systematic bias into the results. The final sample size of 84 also satisfies recommended thresholds for multivariate analysis, including regression-based mediation testing, which generally requires a minimum of roughly ten cases per predictor for stable parameter estimation (Hair et al., 2022).

Sources of Data

The study relies on primary data, collected directly from employees through the administration of structured questionnaires. Primary data are suitable for this study because they provide firsthand insights into employees' perceptions of workforce diversity, leadership practices, and innovation within the organization.

Instrument for Data Collection

Data were collected using a structured questionnaire designed to measure the key constructs of workforce diversity, inclusive leadership, and innovation. The questionnaire items were adapted from previously validated scales to ensure consistency with established literature and enhance measurement reliability. Specifically, measures of inclusive leadership were adapted from Carmeli et al. (2010), while workforce diversity and innovation constructs were adapted from more recent organizational and hospitality studies. The instrument was structured using a four-point Likert scale, ranging from "strongly disagree" to "strongly agree," to capture respondents' perceptions. The use of a Likert scale is appropriate for measuring attitudes and perceptions in organizational research, as it allows for quantification and statistical analysis of responses.

Measurement of Variables

The variables in this study are conceptualized as latent constructs measured through multiple indicators. Workforce diversity is measured based on employees' perceptions of demographic and cultural differences within the organization. Inclusive leadership is measured through indicators such as openness, fairness, accessibility, and support for employee participation. Innovation is measured through indicators related to idea generation, service improvement, and process innovation. These measures are grounded in established literature and adapted to fit the context of the hospitality sector, thereby ensuring both theoretical relevance and contextual applicability.

Validity of the Instrument

Validity refers to the extent to which the instrument measures the intended constructs. In this study, content validity was ensured by adapting measurement items from established studies and subjecting the instrument to expert review. Experts in human resource management and hospitality research evaluated the questionnaire to confirm its relevance and clarity. In addition, construct validity was assessed during data analysis using factor analysis techniques to ensure that measurement items appropriately load on their respective constructs.

Reliability of the Instrument

Reliability refers to the consistency of the measurement instrument. The reliability of the constructs was assessed using Cronbach's alpha coefficient, with a threshold of 0.70 generally considered acceptable for internal consistency (Hair et al., 2022). To further strengthen reliability assessment, composite reliability and average variance extracted (AVE) were also considered during the analysis phase, particularly in the context of SEM.

Method of Data Analysis

Data were analyzed using both descriptive and inferential statistical techniques. Descriptive statistics were used to summarize respondents' characteristics and provide an overview of the data, while inferential analysis was conducted to test the study hypotheses. The study employed Structural Equation Modeling (SEM) using Smart PLS, which is suitable for analyzing complex relationships involving multiple variables and mediation

effects. SEM allows for the simultaneous estimation of direct and indirect relationships, making it particularly appropriate for testing the mediating role of inclusive leadership (Hair et al., 2022). The significance of mediation effects was assessed using bootstrapping procedures, which provide robust estimates of indirect effects and confidence intervals.

Model Specification

The proposed model specifies that workforce diversity influences innovation both directly and indirectly through inclusive leadership. This framework allows for the examination of the mediating role of inclusive leadership and provides a comprehensive understanding of the relationships among the study variables.

Results and Discussion

Demographic Analysis

Table 1 Gender

Gender

Frequency

Percent

Female

59

70.2

Male

25

29.8

Total

84

100.0

Source: Field Survey, 2026

The result shows that female respondents formed the majority of the sample, representing 70.2%, while male respondents accounted for 29.8%. This indicates that the responses were largely obtained from female staff of Western Sun Hotel.

Table 2 Age

Age

Frequency

Percent

18–25

12

14.3

26–35

24

28.6

36–45

37

44.0

46 and above

11

13.1

Total

84

100.0

Source: Field Survey, 2026

The age distribution shows that most respondents were between 36–45 years, representing 44.0%, followed by those aged 26–35 years with 28.6%. This suggests that majority of the respondents were mature employees with sufficient work exposure to provide reliable views on workforce diversity, inclusive leadership, and innovation.

Table 3 Educational Qualification

Qualification

Frequency

Percent

SSCE

7

8.3

OND/NCE

23

27.4

HND/B.Sc

37

44.0

Others

17

20.2

Total

84

100.0

Source: Field Survey, 2026

The result indicates that most respondents had HND/B.Sc qualifications, representing 44.0%, while postgraduate respondents accounted for 20.2%. This implies that the respondents were reasonably educated and capable of understanding the issues addressed in the questionnaire.

Table 4 Department

Department

Frequency

Percent

Food & Beverage

14

16.7

Accounting/Administration

13

15.5

Housekeeping

12

14.3

Horticulture

10

11.9

Front Office

9

10.7

Maintenance

8

9.5

Store Keeper

8

9.5

Driver

7

8.3

Security

3

3.6

Total

84

100.0

Source: Field Survey, 2026

The result shows that the responses were obtained across different departments of the hotel, with Food & Beverage having the highest representation at 16.7%. This departmental spread strengthens the relevance of the data because the study focuses on workforce diversity across the hospitality organization.

Table 5 Years of Experience

Years of Experience

Frequency

Percent

Less than 1 year

12

14.3

1–3 years

25

29.8

4–6 years

30

35.7

Above 6 years

17

20.2

Total

84

100.0

Source: Field Survey, 2026

The result shows that most respondents had 4–6 years of experience, representing 35.7%, followed by those with 1–3 years of experience at 29.8%. This means that most of the respondents had spent enough time in the organization to assess leadership behavior and innovation practices.

Table 6 Reliability Analysis

Construct

No. of Items

Cronbach's Alpha

Workforce Diversity

6

0.456

Inclusive Leadership

7

0.565

Innovation

6

0.298

Overall Scale

19

0.758

Source: Field Survey, 2026

The overall Cronbach's Alpha value of 0.758 indicates that the full questionnaire has acceptable internal consistency. However, the individual construct reliability values are below the commonly accepted 0.70 threshold. This means that while the overall instrument is reliable, the individual constructs should be interpreted with caution.

Table 7 Descriptive Statistics of Study Variables

Variable

N

Mean

Std. Deviation

Workforce Diversity

84

3.17

0.48

Inclusive Leadership

84

3.12

0.50

Innovation

84

3.16

0.43

Source: Field Survey, 2026

Using a 4-point Likert scale, all the study variables recorded mean scores above the midpoint of 2.50. Workforce diversity had a mean score of 3.17, inclusive leadership had a mean of 3.12, and innovation had a mean of 3.16.

This suggests that respondents generally agreed that Western Sun Hotel has a diverse workforce, practices a reasonable level of inclusive leadership, and encourages innovation. The high mean values indicate positive perceptions of the three major constructs examined in the study.

Table 8 Correlation Analysis

Variables

Workforce Diversity

Inclusive Leadership

Innovation

Workforce Diversity

1

Inclusive Leadership

0.661**

1

Innovation

0.544**

0.542**

1

Source: Field Survey, 2026

Note: ** = significant at 0.01 level.

The correlation result shows that workforce diversity has a strong positive relationship with inclusive leadership ($r = 0.661$, $p < 0.01$) and a moderate positive relationship with innovation ($r = 0.544$, $p < 0.01$). Inclusive leadership also has a moderate positive relationship with innovation ($r = 0.542$, $p < 0.01$).

This means that as workforce diversity improves, inclusive leadership and innovation also tend to improve. Similarly, stronger inclusive leadership is associated with higher innovation among employees.

Table 9 Regression and Mediation Analysis

Objective One: Effect of Workforce Diversity on Innovation

R

R Square

Adjusted R Square

F

Sig.

0.544

0.296

0.288

34.49

0.000

Predictor

B

Std. Error

t

Sig.

Constant

1.608

0.267

6.020

0.000

Workforce Diversity

0.490

0.083

5.873

0.000

Source: Field Survey, 2026

The result shows that workforce diversity has a positive and significant effect on innovation, with B = 0.490, t = 5.873, p = 0.000. The R Square value of 0.296 indicates that workforce diversity explains 29.6% of the variation in innovation.

This means that diversity among employees contributes significantly to innovation in Western Sun Hotel.

Objective Two: Effect of Workforce Diversity on Inclusive Leadership

R

R Square

Adjusted R Square

F

Sig.

0.661

0.437

0.430

63.53

0.000

Predictor

B

Std. Error

t

Sig.

Constant

0.923

0.279

3.305

0.001

Workforce Diversity

0.695

0.087

7.971

0.000

Source: Field Survey, 2026

The result shows that workforce diversity has a positive and significant effect on inclusive leadership, with B = 0.695, t = 7.971, p = 0.000. The R Square value of 0.437 indicates that workforce diversity explains 43.7% of the variation in inclusive leadership.

This implies that a diverse workforce is strongly associated with leadership practices that encourage fairness, openness, participation, and employee inclusion.

Objective Three: Effect of Inclusive Leadership on Innovation

Predictor

B

Std. Error

t

Sig.

Constant

1.352

0.274

4.939

0.000

Workforce Diversity

0.297

0.107

2.779

0.007

Inclusive Leadership

0.277

0.102

2.722

0.008

Source: Field Survey, 2026

When workforce diversity and inclusive leadership were entered together, inclusive leadership had a positive and significant effect on innovation, with B = 0.277, t = 2.722, p = 0.008.

The result also shows that workforce diversity remained significant after inclusive leadership was included in the model, with B = 0.297, p = 0.007. This suggests that inclusive leadership contributes to innovation while workforce diversity also retains a direct influence.

Objective Four: Mediating Role of Inclusive Leadership

Effect Type

Coefficient

Bootstrapped 95% CI

Decision

Direct Effect: WD → IN

0.297

Significant

Supported

Indirect Effect: WD → IL → IN

0.192

0.052 to 0.365

Supported

Total Effect: WD → IN

0.490

Significant

Supported

Source: Field Survey, 2026

The mediation result shows that the indirect effect of workforce diversity on innovation through inclusive leadership is positive and significant, with an indirect coefficient of 0.192 and a bootstrapped 95% confidence

interval of 0.052 to 0.365. Since the confidence interval does not include zero, the mediation effect is statistically significant. However, the direct effect of workforce diversity on innovation remained significant after introducing inclusive leadership. This indicates partial mediation. Therefore, inclusive leadership partially mediates the relationship between workforce diversity and innovation.

Test of Hypotheses

Hypothesis

Result

Decision

H01: Workforce diversity has no significant effect on innovation

p = 0.000

Rejected

H02: Workforce diversity has no significant effect on inclusive leadership

p = 0.000

Rejected

H03: Inclusive leadership has no significant effect on innovation

p = 0.008

Rejected

H04: Inclusive leadership does not significantly mediate the relationship between workforce diversity and innovation

Indirect effect = 0.192; CI = 0.052 to 0.365

Rejected

Source: Field Survey, 2026

All four null hypotheses were rejected. This means that workforce diversity significantly affects innovation, workforce diversity significantly affects inclusive leadership, inclusive leadership significantly affects innovation, and inclusive leadership significantly mediates the relationship between workforce diversity and innovation.

Regression Assumption Checks

Assumption

Result

Interpretation

Normality of residuals

Shapiro-Wilk p = 0.439

Normality satisfied

Autocorrelation

Durbin-Watson = 1.961

No serious autocorrelation

Multicollinearity

VIF = 1.775

No multicollinearity problem

Model significance

p = 0.000

Model is statistically significant

Source: Field Survey, 2026

The assumption checks show that the regression model is acceptable. The Shapiro-Wilk result indicates that the residuals were normally distributed. The Durbin-Watson value of 1.961 is close to 2, suggesting no serious autocorrelation problem. The VIF value of 1.775 is below the threshold of 10, meaning that multicollinearity was not a problem.

Discussion of Findings

The findings of this study provide empirical support for the argument that workforce diversity plays a significant role in enhancing innovation within service-oriented organizations. The positive relationship observed between workforce diversity and innovation ($B = 0.490$, $p < .001$) is consistent with Khassawneh and Mohammad's (2025) finding of a significant diversity-performance relationship among UAE hospitality firms, and lends support to Cox and Blake's (1991) original argument that diversity, properly understood, functions as an organizational resource rather than merely a demographic fact. The presence of employees with varied backgrounds, experiences, and perspectives appears to contribute to the generation of new ideas and improvements in service delivery, consistent with the theoretical expectation that diversity expands the pool of knowledge and cognitive resources available within teams.

However, the strength of this relationship must be interpreted with caution. While the results indicate a positive effect, they do not imply that diversity automatically leads to innovation in all contexts. Rather, the findings reinforce the view that diversity creates potential for innovation — in Amabile's (1988) terms, it expands the pool from which creative ideas can be generated — which may only be realized under appropriate organizational conditions. This perspective is consistent with prior studies that emphasize the contingent nature of the diversity-innovation relationship.

The study also reveals a strong and significant relationship between workforce diversity and inclusive leadership. This suggests that diverse organizational environments may encourage leadership behaviours that are more open, participatory, and responsive to employee differences, echoing Ashikali's (2023) finding that inclusive leadership is often most consequential precisely where diversity is highest. One possible explanation is that leaders operating in diverse settings are compelled to adopt inclusive practices in order to effectively manage differences and maintain team cohesion. This finding extends existing literature by indicating that diversity may not only require inclusive leadership but may also actively shape leadership behaviour within organizations.

Furthermore, inclusive leadership was found to have a significant positive effect on innovation. This result

highlights the importance of leadership as a facilitating mechanism through which employee ideas are expressed and implemented. In particular, inclusive leadership appears to create conditions of psychological safety, where employees feel comfortable sharing suggestions without fear of negative consequences. In service-based organizations such as hospitality firms, where frontline employees interact directly with customers, such an environment is critical for continuous improvement and innovation.

The mediation analysis provides additional insight into the dynamics of these relationships. The finding that inclusive leadership partially mediates the relationship between workforce diversity and innovation suggests that leadership plays an important, but not exclusive, role in translating diversity into innovation outcomes. In practical terms, this implies that workforce diversity can influence innovation directly, likely through the interaction of diverse perspectives, while inclusive leadership strengthens and channels this effect by creating an enabling environment.

The partial nature of the mediation is particularly important. It indicates that while inclusive leadership enhances the impact of diversity, it does not fully account for it. This is broadly consistent with Wang's (2025) and Atiku et al.'s (2024) findings that inclusive leadership partially, rather than fully, mediates the diversity-innovation relationship, suggesting that other organizational factors, such as culture, communication systems, or team dynamics, may also contribute to how diversity influences innovation. As such, the study provides a more nuanced understanding of the diversity-innovation relationship by demonstrating that it is multi-dimensional rather than dependent on a single mechanism.

From a theoretical standpoint, these findings contribute to the growing body of literature that integrates diversity and leadership perspectives. The results support the argument that leadership is a critical boundary condition in diversity research, while also extending this view by showing that diversity may influence leadership behaviour itself. This reciprocal relationship highlights the need for more integrative models that consider both structural and behavioural factors in explaining innovation outcomes.

From a practical perspective, the findings have important implications for managers in the hospitality sector. While organizations may benefit from recruiting a diverse workforce, such efforts must be complemented by leadership practices that promote inclusion and participation. Without such practices, the potential benefits of diversity may not be fully realized. Therefore, organizations should not only focus on diversity initiatives but also invest in leadership development programmes that emphasize inclusiveness, fairness, and employee engagement.

Conclusion

This study examined the relationship between workforce diversity and innovation, with particular emphasis on the mediating role of inclusive leadership within a hospitality organization in Osun State, Nigeria. The findings provide evidence that workforce diversity is a significant driver of innovation, as it enhances the availability of diverse perspectives and ideas within the organization.

The results further indicate that inclusive leadership plays a critical role in shaping how diversity translates into innovation. Specifically, inclusive leadership was found to partially mediate the relationship between workforce diversity and innovation, suggesting that leadership practices that promote openness, fairness, and employee participation strengthen the positive effects of diversity.

The study therefore concludes that workforce diversity alone is insufficient to guarantee innovation. Instead, the presence of inclusive leadership is essential for harnessing the potential benefits of diversity and transforming them into meaningful organizational outcomes.

Recommendations

Based on the findings of this study, the following recommendations are made:

- Organizations should adopt deliberate workforce diversity strategies to enhance creativity and problem-solving capacity.
- Management should invest in leadership development programmes that promote inclusive leadership behaviours.
- Organizations should create environments that encourage employee participation and psychological safety.
- Diversity initiatives should be aligned with leadership practices to ensure effective implementation.

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