

# Building Organizational Reputation through Inclusive Leadership and Inclusive Culture: The Mediation Role of Organizational Competitiveness in the Era of Digital Transformation (Case Study on Employees of the Semarang City Regional Revenue Agency)

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## Abstract

The purpose of this study is to see how inclusive leadership impacts organizational competitiveness and corporate reputation as a mediating variable in the digital era. The ever-evolving digital era demands organizations to adopt a more inclusive leadership approach in order to increase competitiveness and maintain corporate reputation. Inclusive leadership is becoming increasingly relevant because of its ability to manage diversity and create a work environment that supports innovation. This study uses a quantitative approach with a path analysis model to examine five hypotheses related to organizational competitiveness and corporate reputation: inclusive leadership, organizational competitiveness, inclusive culture, and corporate reputation. This study is expected to provide a better understanding of how inclusive leadership shapes an inclusive culture and how it impacts organizational competitiveness and corporate reputation. The results of this study can be a reference for organizational leaders who are developing more inclusive leadership strategies to face challenges in the current technological era.

**Keywords:** Inclusive leadership, inclusive culture, organizational competitiveness, corporate reputation, digital era.

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## INTRODUCTION

The digital era requires organizations to adopt inclusive leadership as a strategic response to the complexities of rapid technological change and the dynamics of a diverse workforce. Inclusive leadership fosters an environment where all members feel valued and empowered to participate in decision-making, which is critical to improving employee engagement and performance (Radziwill & Benton, 2024; Merlini *et al.*, 2024). This leadership style not only addresses the needs of historically marginalized groups but also promotes allyship and anti-racism, thereby creating a more equitable workplace (Merlini *et al.*, 2024). Additionally, adaptive leadership is critical in navigating the challenges posed by digital transformation, as it fosters

agility, continuous learning, and multicultural team development (Cahyati Wulandari & Sri Pudjiarti, 2024). By integrating inclusive practices, organizations can increase employee satisfaction, reduce employee turnover, and ultimately achieve better performance outcomes in a competitive global marketplace (Radziwill & Benton, 2024).

The relationship between inclusive leadership and organizational performance is complex and multifaceted, with significant gaps in understanding, particularly regarding the mediating role of inclusive culture in the digital age. While Chen and Liu (2019) emphasize the direct impact of inclusive leadership on performance, Radziwill and Benton propose a conceptual model that identifies key factors necessary to

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foster an inclusive environment that enhances effectiveness (Radziwill & Benton, 2024). Furthermore, Merlini *et al.*, highlight the importance of inclusive leadership in supporting marginalized groups, suggesting that it fosters interpersonal behaviors that contribute to inclusion (Merlini *et al.*, 2024). Shah *et al.*, introduce perceived insider status as a mediator, suggesting that inclusive leadership can reduce employee withdrawal behavior (Shah *et al.*, 2022), while Gupta *et al.*, demonstrate its positive influence on innovation performance through employee innovation behavior. Collectively, these studies underscore the need for further exploration of the mediating effects of inclusive culture on organizational competitiveness and reputation in contemporary settings (Gupta *et al.*, 2022).

The gap between the claimed implementation of inclusive leadership and its actual effectiveness in fostering an inclusive culture is underscored by a variety of mediating factors that remain inadequately understood. Davidson *et al.*, (2021) highlighted that while 78% of companies stated that they practice inclusive leadership, only 34% were successful in fostering a culture of inclusion that enhances competitiveness. This gap may stem from inadequate leadership commitment, lack of inclusive policies, and inadequate accountability measures, as identified in studies that emphasize the importance of systematic diversity management practices (Jadaun, 2023). Furthermore, the role of inclusive leadership in supporting historically marginalized groups is critical, as it influences interpersonal behaviors and individuals' experiences of inclusion, which are essential to creating an effective work environment (Merlini *et al.*, 2024). Thus, organizations must address these mediating factors to bridge the gap between intentions and outcomes in inclusive leadership practices (Radziwill & Benton, 2024).

In the digital era, organizations face complex challenges that require a comprehensive approach, especially in integrating inclusive leadership with digital transformation. Zhang *et al.*, (2020) highlighted that organizations that embrace inclusive leadership experiences increase competitiveness, yet Kim and Park (2023) revealed that 65% struggle to align these practices with digital demands. This gap underscores the importance of cultivating a culture of inclusion, which can act as a catalyst for successful digital transformation. Diverse leadership, especially in the ICT space, is critical to driving digital innovation and addressing ethical issues, such as algorithmic bias and gender representation, thereby promoting a more inclusive environment that supports sustainable business transformation (Bhatnagar & Aggarwal, 2022). Ultimately, the interplay between inclusive leadership and digital transformation is critical for organizations aiming to thrive in an increasingly digital landscape. Furthermore, Gil (2023) and ERKAL (2023) revealed that job satisfaction and leader-member exchange act as

mediators in the relationship between inclusive leadership and employee commitment and performance, confirming the complexity of the relationship between inclusive leadership and organizational effectiveness in the digital era (Gil *et al.*, 2023).

The purpose of this study is to analyze the relationship between inclusive leadership and organizational competitiveness and corporate reputation as a mediating variable in the digital era. It is hoped that a deeper understanding of the dynamics of this relationship can help fill the gap in the existing literature and provide theoretical implications for organizations in developing good leadership strategies to face challenges in the digital era.

## Theoretical Models and Research Hypotheses

### Company Reputation

Corporate reputation is a multifaceted intangible asset that significantly affects a company's performance and market position. It is shaped by various factors, including corporate social responsibility (CSR), stakeholder perceptions, and effective communication strategies. Ge Gao's study highlights the mediating role of corporate reputation in enhancing corporate performance through CSR, suggesting that fulfilling economic, legal, ethical, and charitable responsibilities can positively impact performance by enhancing reputation (Gao, 2024). Igor Korzhevskiy emphasizes the strategic importance of reputation in competitive and transparent markets, where a strong reputation can attract investors, increase capitalization, and provide competitive advantage (Igor Korzhevskiy, 2023). Meiyi Huo's study further underlines the long-term benefits of a good reputation, noting that while it may exacerbate short-term stock price declines during crises, it ultimately leads to positive abnormal returns and investor favorability (Huo, 2023). Kateryna Ozarko and Olena Khomiv discuss the role of reputation as a material asset that increases consumer and stakeholder loyalty, thus offering a sustainable competitive advantage that is difficult for competitors to imitate (Ozarko *et al.*, 2023). Finally, Nirvana Bechan identifies proactive reputation management as essential for maintaining a positive corporate image, which is essential for achieving business goals and gaining competitive advantage (Bechan, 2022). Collectively, these studies illustrate that corporate reputation not only reflects past performance but is also a strategic asset that requires careful management to maintain and enhance the company's market position and stakeholder relationships.

### Organizational Competitiveness

Organizational competitiveness is increasingly defined by a multifaceted approach that includes operational efficiency, innovation, adaptability, and strategic management. Zhang *et al.*, (2020) highlight the importance of these elements in maintaining competitive advantage in a dynamic environment (Łęgowik-Świącik, 2023). Wang and Johnson (2022) further explain that

organizations that demonstrate high competitiveness often demonstrate strategic flexibility, learning orientation, and strong innovation capabilities (Rožman *et al.*, 2023). In the digital era, Kim and Park (2023) emphasize the increasing importance of digital and transformational capabilities (Vukasović *et al.*, 2021). Supporting this, research shows that effective management processes and the development of a strategic talent management ecosystem are critical to enhancing competitiveness, as they foster agility and innovation within organizations. Additionally, the role of intra-entrepreneurship is underlined as a critical factor in driving innovation and competitive advantage, reinforcing the need for organizations to foster a culture that encourages innovative behavior among employees (Morais *et al.*, 2021).

H1: Organizational Competitiveness has a positive and significant effect on Corporate Reputation.

### Inclusive Leadership

Inclusive leadership is increasingly recognized as a critical component in fostering diverse and innovative organizational environments. Defined as a leadership style that promotes openness, encourages participation, and values diversity, inclusive leadership encompasses three key dimensions: openness to difference, accessibility, and equity in decision-making (Merlini *et al.*, 2024). Research shows that inclusive leaders significantly increase employee engagement and satisfaction, thereby reducing turnover and absenteeism (Radziwill & Benton, 2024). Additionally, they create conditions conducive to innovation by supporting historically marginalized groups through interpersonal behaviors that promote allyship and authenticity (Merlini *et al.*, 2024). In the context of higher education, inclusive leadership is critical to fostering academic loyalty and innovation, as it enables faculty to feel a sense of belonging and institutional support (Olabode Gbobaniyi, 2024). As organizations navigate the complexities of the digital age, the relevance of inclusive leadership continues to grow, necessitating a re-evaluation of traditional leadership theories to incorporate diverse perspectives and social justice considerations.

H2: Inclusive leadership has a positive effect on organizational competitiveness.

H3: Inclusive leadership has a positive effect on corporate reputation.

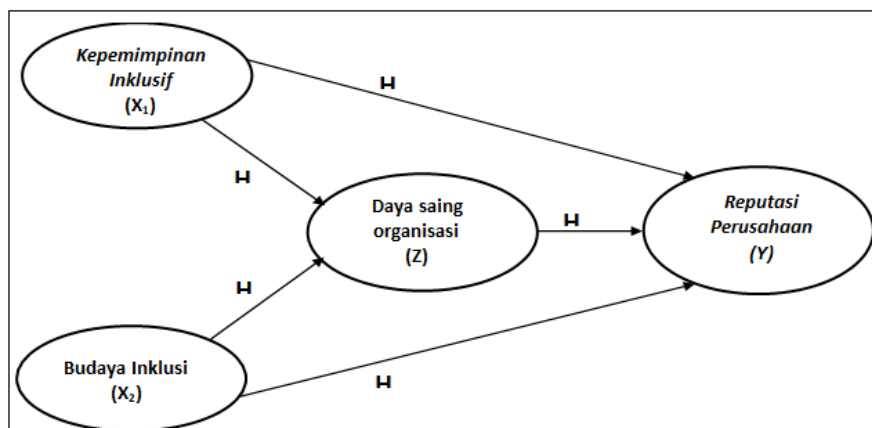
### Culture of Inclusion

Inclusive culture in an organization is a multifaceted concept that encompasses values, norms, and practices aimed at fostering diversity and inclusion among all members. This culture is critical to enhancing employee engagement and performance, as an inclusive environment helps reduce feelings of disengagement and pessimism by ensuring that all voices are heard and valued (Radziwill & Benton, 2024). In the Indian IT sector, diversity management practices have been shown to positively influence job engagement and commitment, mediated by organizational openness and trust, highlighting the importance of a supportive and inclusive workplace (Sathyanarayana *et al.*, 2024). Effective diversity, equity, and inclusion (DEI) management practices, such as inclusive training, diverse hiring, and mentoring programs, are critical to creating an environment where all employees feel respected and valued, thereby enhancing productivity and innovation (Nautiyal, 2023b). Furthermore, inclusion and diversity are not just acts of charity but are important strategies for developing organizational talent and stakeholder well-being. Effective communication plays a critical role in nurturing these attributes, as it encourages authentic interactions and collaboration among diverse members of an organization (Mayfield & Mayfield, 2023). In addition, democratizing organizational structures, particularly in social work, can enhance social equity and inclusion by empowering clients to participate in decision-making processes, thereby fostering a more inclusive and equitable environment (Köngeter & Schreiner, 2023). Overall, a strong culture of inclusion is characterized by open communication, effective collaboration, and participatory decision-making, which are essential for facilitating digital transformation and organizational innovation.

H4: Inclusive culture has a positive effect on organizational competitiveness.

H5: Inclusive culture has a positive and significant effect on corporate reputation.

### Empirical Model



## RESEARCH METHODS

This study uses a quantitative exploratory survey method to investigate the causal relationship between inclusive leadership, inclusive culture, organizational competitiveness, and corporate reputation in the Semarang City Regional Revenue Agency. This study involved all 103 employees of the Semarang City Regional Revenue Agency, including leaders, heads of divisions/sections, implementing staff, and service officers. This study uses a saturated sample or census of the entire population because the population is not too large. This is done to get a complete picture of all factors studied by all Bapenda staff.

The analysis used SPSS and AMOS software, which included descriptive statistics, validity and reliability tests, classical assumption tests, and path analysis to evaluate the relationship of variables. Previous studies have shown that inclusive leadership style and inclusive culture significantly affect corporate reputation, with organizational competitiveness acting as a mediating factor. This comprehensive approach underlines the importance of inclusive leadership and inclusive culture in enhancing corporate reputation.

## RESULTS AND DISCUSSION

### Respondent characteristics

The respondents used in the study were all employees of the Semarang City Regional Revenue Agency. The profile of the respondents in this study shows a diversity of demographic characteristics and backgrounds. Of the 103 respondents, there was a gender balance with 45 males (43.69%) and 58 females (56.31%). The majority of respondents had an economics/accounting educational background (74.3%) and a bachelor's degree (56.2%). Most respondents (88.6%) held positions other than managerial positions. In terms of work experience, 43.8% had worked for 5 years or more. The largest age group was 21-40 years (40.0%). This profile reflects that respondents have a relevant educational background, indicating potential professional maturity in the organization. This diversity provides a rich perspective for research on the importance of inclusive leadership and a culture of inclusion in improving corporate reputation.

### Reliability and validity

Evaluation of the indicator measurement model includes examination of individual *item reliability*, *internal consistency* or *composite reliability*, *average variance extracted*, and *discriminant validity*. The first three measurements are grouped into *convergent validity*.

#### Convergent Validity

*Convergent validity* consists of three tests, namely *item reliability* (validity of each indicator), *composite reliability*, and *average variance extracted* (AVE). *Convergent validity* is used to measure how much the existing indicators can explain the dimensions. This means that the greater *the convergent validity*, the greater the ability of the dimension to apply its latent variables.

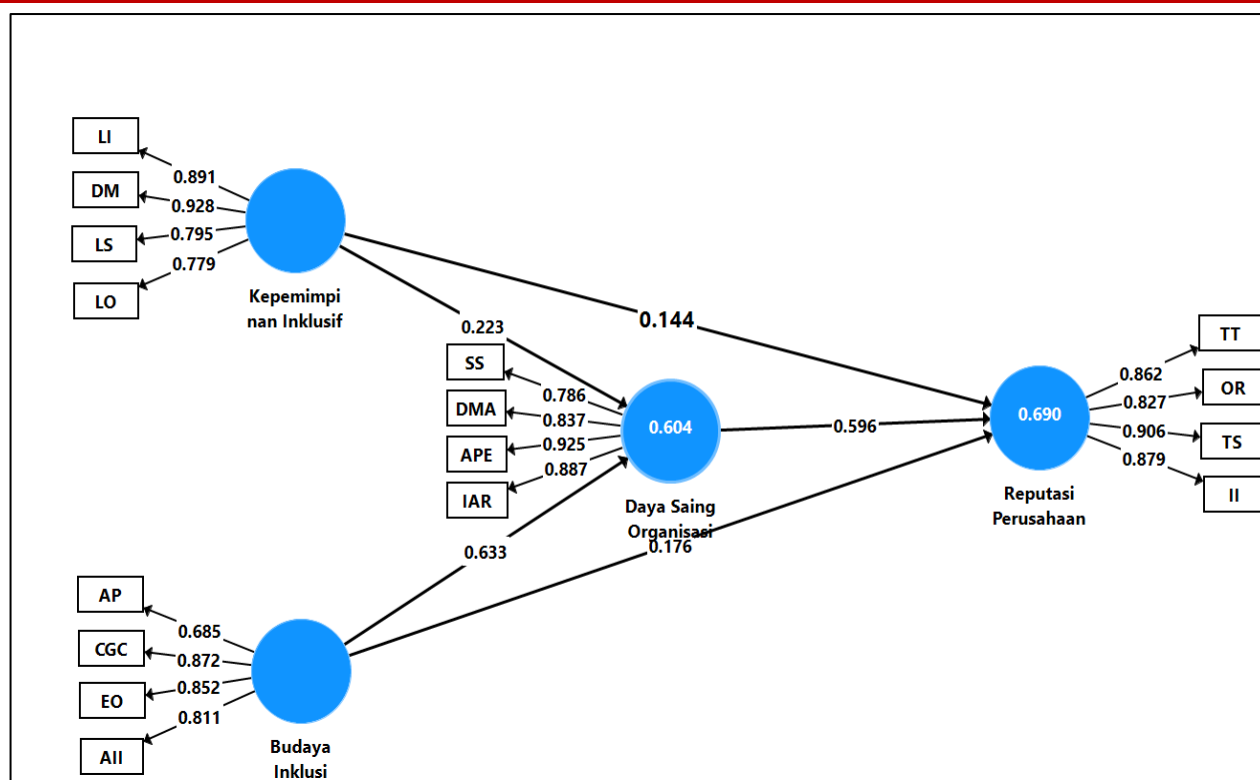
#### a. Reliability Item

Item reliability, or indicator validity, The value of the loading factor, or standard loading, indicates how strong the item is. The value of this additional factor is the magnitude of the correlation between the construct and each indicator. If the additional factor has a value above 0.7, the indicator is considered ideal for measuring the construct. However, a standardized loading factor value above 0.5 is acceptable. While the standard loading factor value below 0.5 can be removed from the Chin (1998) model. The item's resilience value can be seen in the standard loading column.

The explanation of the image above shows that there is no remainder needed because all additions are worth more than 0.7, as shown in the image above. Thus, each indicator has been valid to explain each of its latent variables, namely inclusive leadership, inclusive culture, organizational competitiveness and corporate reputation.

#### b. Composite Reliability

The statistics used in composite reliability or construct reliability are Cronbach's alpha and DG rho (PCA). Cronbach's alpha measures the lower limit of the reliability value of a construct while composite reliability measures the actual value of the reliability of a construct. The rule of thumb used for composite reliability values is greater than 0.6 and Cronbach's alpha values are greater than 0.6. With these measurements, if the value achieved is  $> 0.60$ , it can be said that the construct has high reliability.



Picture 1: Standardized Loading Factor Inner and Outer Model

Table 1: Results Composite Reliability

|                                | Cronbach's Alpha |
|--------------------------------|------------------|
| Culture of Inclusion           | 0.820            |
| Organizational Competitiveness | 0.881            |
| Inclusive Leadership           | 0.872            |
| Company Reputation             | 0.892            |

Source: Results Processing Data 2024

According to Table 1 above, the reliability of inclusive culture is 0.820, organizational competitiveness is 0.881, inclusive leadership is 0.872, and corporate reputation is 0.892. All factors appear to have good reliability, because the four latents have cronbach's alpha values above 0.6.

The standard is that a construct has good convergent validity if the AVE value is above 0.5. This means that more than half of the differences between indicators can be explained by the latent variable.

Table 2: Results Average Variance Extracted (AVE)

|                                | Average Variance Extracted (AVE) |
|--------------------------------|----------------------------------|
| Culture of Inclusion           | 0.653                            |
| Organizational Competitiveness | 0.740                            |
| Inclusive Leadership           | 0.724                            |
| Company Reputation             | 0.755                            |

Source: Results Processing Data 2024

According to Table 2 above, the AVE for inclusive culture is 0.653, organizational competitiveness is 0.740, inclusive leadership is 0.724, and corporate reputation is 0.755. All four variables have AVE above 0.5, indicating that the construct has good convergent validity. This is indicated by the fact that the latent variables have the ability to explain more than half of the variance of each indicator on average.

### 1. Discriminant Validity

Check the discriminant validity of the reflective measurement model assessed based on cross loading and comparing the AVE value with the square of the correlation between constructs. The measure of cross loading is comparing the correlation of the indicator with its own construct and the construct from another block. Good discriminant validity will be able to explain the indicator variable that is greater than explaining the



variance of other construct indicators. The discriminant validity value of each indicator is shown here.

**Table 3: Discriminant Validity**

|            | <b>Culture of Inclusion</b> | <b>Organizational Competitiveness</b> | <b>Inclusive Leadership</b> | <b>Company Reputation</b> |
|------------|-----------------------------|---------------------------------------|-----------------------------|---------------------------|
| <b>AII</b> | 0.811                       | 0.608                                 | 0.426                       | 0.610                     |
| <b>AP</b>  | 0,685                       | 0,523                                 | 0,490                       | 0,500                     |
| <b>APE</b> | 0,631                       | 0,925                                 | 0,476                       | 0,707                     |
| <b>CGC</b> | 0,872                       | 0,673                                 | 0,303                       | 0,533                     |
| <b>DM</b>  | 0,549                       | 0,573                                 | 0,928                       | 0,586                     |
| <b>DMA</b> | 0,672                       | 0,837                                 | 0,448                       | 0,561                     |
| <b>EO</b>  | 0,852                       | 0,625                                 | 0,532                       | 0,623                     |
| <b>IAR</b> | 0,698                       | 0,887                                 | 0,476                       | 0,741                     |
| <b>II</b>  | 0,569                       | 0,717                                 | 0,496                       | 0,879                     |
| <b>LI</b>  | 0,451                       | 0,506                                 | 0,891                       | 0,540                     |
| <b>LO</b>  | 0,411                       | 0,487                                 | 0,779                       | 0,398                     |
| <b>LS</b>  | 0,401                       | 0,304                                 | 0,795                       | 0,396                     |
| <b>OR</b>  | 0,531                       | 0,589                                 | 0,424                       | 0,827                     |
| <b>SS</b>  | 0,589                       | 0,786                                 | 0,536                       | 0,757                     |
| <b>TS</b>  | 0,689                       | 0,778                                 | 0,526                       | 0,906                     |
| <b>TT</b>  | 0,640                       | 0,713                                 | 0,545                       | 0,862                     |

**Source:** Results Processing Data 2024

Table 3 above shows that, when compared to other variables, the value of discrimination validity, also known as the shelter factor, has a greater correlation with each variable. On the other hand, the indicators for each variable. This shows that the placement of indicators on each variable has been done correctly.

#### Analysis Inner Model

R-square, a measure of the proportion of variation in the influenced (endogenous) value that can

be explained by the influencing (exogenous) variables, is useful for predicting whether a model is good or bad. The r-square result for the endogenous latent variable of 0.75 indicates that the model is substantial (good), moderate (moderate), and weak (bad) indicates the model (Juliandi, 2018). The R-Square value was obtained from data processed with the smartPLS 3.0 program, as shown in the following figure and table:

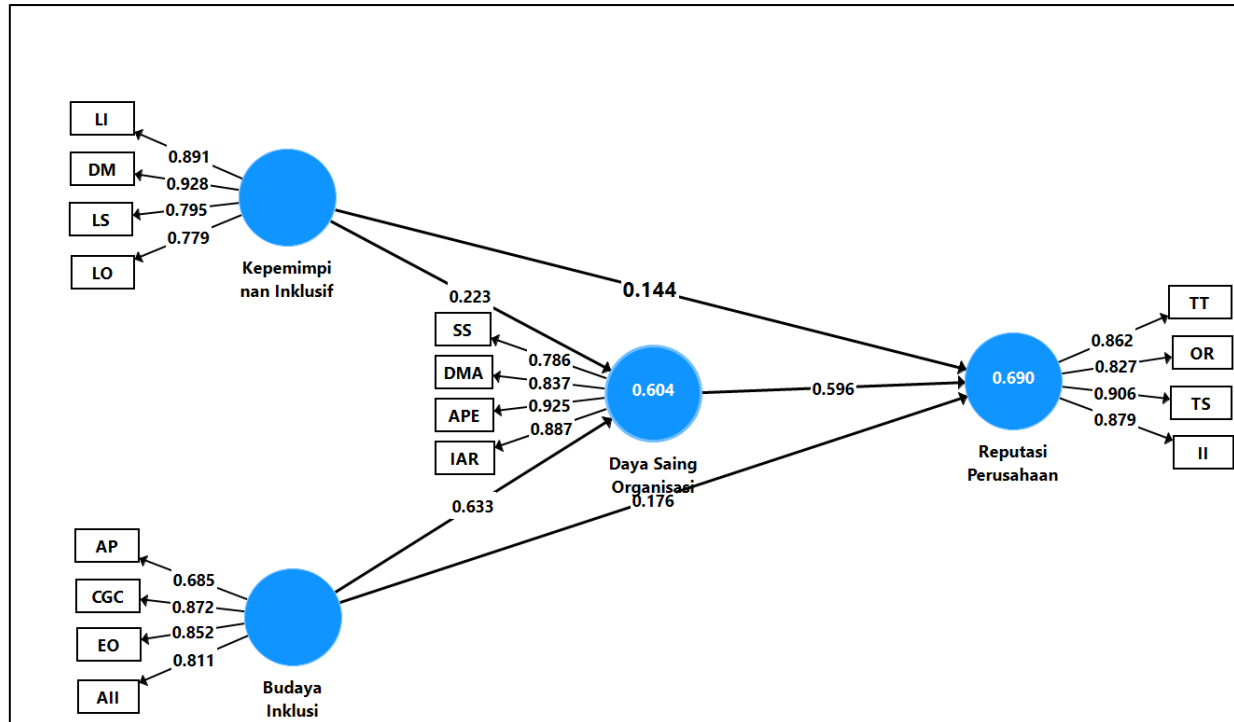
**Table 4: Results R<sup>2</sup>**

|   | <b>R Square</b> | <b>Adjusted R Square</b> |
|---|-----------------|--------------------------|
| <b>Organizational Competitiveness (Z)</b> | 0.604           | 0.596                    |
| <b>Company Reputation (Y)</b>             | 0.690           | 0.680                    |

According to table 4 above, the influence of X1, X2, and Z on Y with an r-square value of 0.690 indicates that the variation in the values of X1, X2, and Z by 69% can explain the variation in the value of Y, or in other words, this model is substantial (good), and 31% is influenced by other variables. In addition, the influence of X1 and X2 on Z with an r-square value of 0.604 indicates that the variation in the values of X1 and X2 on Z.

#### Hypothesis Testing

This test is conducted to determine the path coefficient of the structural model. This study divides hypothesis testing into two categories: direct influence and indirect influence. The goal is to test the significance of each relationship or hypothesis testing. The following path coefficient image shows the results of the direct and indirect influence hypothesis test, after the data was processed using the smartPLS 3.0 program:



Picture 2: T- Value

The results of the direct effect hypothesis test are shown in the following path coefficient table:

Table 5: Path Coefficient

| Coefficients a  |                                |                             |            |                           |       |
|---|--------------------------------|-----------------------------|------------|---------------------------|-------|
| Model   |                                | Unstandardized Coefficients |            | Standardized Coefficients | t     |
|   |                                | B                           | Std. Error | Beta                      |       |
| 1   | (Constant)                     | 3,728                       | 1,172      |                           | 3,181 |
|   | Inclusive Leadership           | .183                        | .069       | .200                      | 2,651 |
|   | Culture of Inclusion           | .619                        | .072       | .647                      | 8,581 |
| a. Dependent Variable: Organizational Competitiveness |                                |                             |            |                           |       |
| Coefficients a  |                                |                             |            |                           |       |
| Model   |                                | Unstandardized Coefficients |            | Standardized Coefficients | t     |
|   |                                | B                           | Std. Error | Beta                      |       |
| 1   | (Constant)                     | 2,434                       | 1,086      |                           | 2,241 |
|   | Inclusive Leadership           | .126                        | .063       | .141                      | 1,997 |
|   | Culture of Inclusion           | .171                        | .084       | .183                      | 2,038 |
|   | Organizational Competitiveness | .569                        | .088       | .583                      | 6,443 |
| a. Dependent Variable: Company Reputation             |                                |                             |            |                           |       |

The results of the study in table 5 show that Inclusive Leadership has a beta coefficient of 0.183 with a significance value of 0.009 ( $<0.05$ ), meaning it has a positive and significant effect on Organizational Competitiveness. Inclusive Culture has a beta coefficient of 0.619 with a significance value of 0.000 ( $<0.05$ ), meaning it has a positive and significant effect on Organizational Competitiveness. Furthermore, Inclusive Leadership has a beta coefficient of 0.126 with a significance value of 0.049 ( $<0.05$ ), meaning it has a positive and significant effect on Corporate Reputation. Inclusive Culture has a beta coefficient of 0.171 with a significance value of 0.044 ( $<0.05$ ), meaning it has a positive and significant effect on Corporate Reputation, and Organizational Competitiveness has a beta

coefficient of 0.569 with a significance value of 0.000 ( $<0.05$ ), meaning it has a positive and significant effect on Corporate Reputation. This means that we can conclude that in the first model, both Inclusive Leadership and Inclusive Culture have a significant influence on Organizational Competitiveness, with the largest influence shown by the Inclusive Culture variable with a beta coefficient of 0.619. And in the second model, all variables, namely Inclusive Leadership, Inclusive Culture, and Organizational Competitiveness have a significant influence on Corporate Reputation, with the largest influence shown by the Organizational Competitiveness variable with a beta coefficient of 0.569.

## DISCUSSION

### The Influence of Inclusive Leadership on Organizational Competitiveness and Corporate Reputation

Inclusive leadership plays an important role in shaping a diverse and innovative organizational environment. The results of the study show that inclusive leadership has a positive and significant effect on organizational competitiveness with a beta coefficient of 0.183 ( $p=0.009$ ). This indicates that a leadership style that promotes openness, encourages participation, and values diversity can increase organizational competitiveness. In addition, inclusive leadership also has a positive and significant effect on corporate reputation with a beta coefficient of 0.126 ( $p=0.049$ ). Inclusive leaders have been shown to increase employee engagement and satisfaction, which ultimately contributes to improving corporate reputation (Gomes *et al.*, 2023).

In the digital era, the importance of inclusive leadership is increasingly recognized for its role in managing workforce diversity and driving innovation. Kim and Park (2023) highlighted that 65% of organizations struggle to align inclusive leadership with digital demands, underscoring the need for an adaptive leadership approach. This is in line with Esquierdo-Leal and Houmanfar's (2021) assertion that leadership must address systemic issues and promote an inclusive environment to drive social change (Esquierdo-Leal & Houmanfar, 2021). Furthermore, Pless and Maak (2022) emphasized that a culture of inclusion, grounded in moral principles, is essential to harnessing the benefits of diversity. The challenges of digital leadership, as noted by Balcioğlu and Artar (2024), also require ethical considerations and strategic adaptability, reinforcing the link between inclusive leadership and digital innovation (Balcioğlu & Artar, 2024). Collectively, these studies illustrate that inclusive leadership not only enhances internal competitiveness but also positively influences external perceptions and organizational reputation.

### The Influence of Inclusive Culture on Organizational Competitiveness and Corporate Reputation

Inclusive culture has a very significant role in increasing organizational competitiveness and corporate reputation. The results of the study show that inclusive culture has a positive and significant influence on organizational competitiveness with a beta coefficient of 0.619 ( $p < 0.001$ ). This strong influence indicates that inclusive culture is an important factor in driving an organization's ability to compete in the digital era. In the context of its influence on corporate reputation, inclusive culture also shows a positive and significant influence with a beta coefficient of 0.171 ( $p = 0.044$ ). This finding strengthens the argument that organizations that implement an inclusive culture can improve their image and reputation in the eyes of stakeholders. This is supported by research by Sathyanarayana *et al.*, (2024) which found that diversity management practices have a positive effect on job engagement and commitment,

which is mediated by organizational openness and trust (Sathyanarayana *et al.*, 2024).

Nautiyal (2023) reinforces these findings by emphasizing that effective diversity, equity, and inclusion (DEI) management practices, such as inclusive training, diverse hiring, and mentorship programs, are critical to creating an environment where all employees feel respected and valued (Nautiyal, 2023). This ultimately increases organizational productivity and innovation. Mayfield & Mayfield (2023) also add that effective communication plays a vital role in fostering a culture of inclusion, as it fosters authentic interactions and collaboration among diverse members of an organization (Mayfield & Mayfield, 2023).

Köngeter & Schreiner (2023) further stated that democratization of organizational structures can increase social justice and inclusion by empowering organizational members to participate in decision-making processes. This creates a more inclusive and equitable environment, which in turn contributes to increasing organizational competitiveness and strengthening corporate reputation (Köngeter & Schreiner, 2023).

Overall, a strong culture of inclusion, characterized by open communication, effective collaboration, and participatory decision-making, has proven to be a key element in facilitating digital transformation and organizational innovation. This not only enhances the competitiveness of the organization but also contributes significantly to the formation of a positive corporate reputation among stakeholders.

### The Influence of Organizational Competitiveness on Corporate Reputation

In the context of the increasingly competitive digital era, organizational competitiveness plays a crucial role in shaping and enhancing a company's reputation. Recent research shows that organizations that are able to develop strategic, innovative, and adaptive capabilities can significantly build a positive image in the eyes of stakeholders. Organizational competitiveness is no longer just the ability to survive, but the ability to continue to develop and provide unique added value. Based on the in-depth analysis conducted, a positive and significant relationship was found between organizational competitiveness and corporate reputation. Statistically, the study revealed a beta coefficient of 0.569 with a significance level of  $p = 0.000$ , which indicates that every increase in organizational competitiveness will be directly proportional to the increase in corporate reputation.

Modern competitiveness encompasses multiple dimensions, including operational efficiency, innovation capacity, strategic flexibility, and adaptability to changing environments, as highlighted by Zhang *et al.*, (2020) and Wang and Johnson (2022). Organizations that



excel in these areas foster positive perceptions among stakeholders, which is critical for attracting investment and improving market position. Korzhevskyi (2023) emphasizes that a strong strategic reputation significantly contributes to organizational success, increasing capitalization and providing sustainable competitive advantage (Igor Korzhevskyi, 2023). Furthermore, Huo (2023) notes that a good reputation helps mitigate short-term setbacks and foster positive returns. The synthesis of these insights suggests that competitiveness should be viewed as a dynamic process that requires continuous investment in innovation and strategic adaptation, with reputation serving as an important indicator of an organization's competitive capability in the digital age (Corbu, 2023).

In conclusion, the relationship between organizational competitiveness and corporate reputation is a mutually reinforcing relationship. Organizations that are able to improve their competitiveness will automatically improve and strengthen their reputation in the eyes of stakeholders. This is an important foundation for contemporary organizational development strategies that want to remain relevant and superior in an increasingly complex and competitive business environment.

## CONCLUSION

The conclusion of this research article reveals the complexity of the dynamics of inclusive leadership, inclusive culture, organizational competitiveness, and corporate reputation in the contemporary digital era. Comprehensive research conducted at the Semarang City Regional Revenue Agency provides in-depth insights into how organizational factors interconnect and influence institutional performance in the context of digital transformation.

Key research findings show that inclusive leadership plays a strategic role in shaping an adaptive and innovative organizational environment. Through an approach that promotes openness, participation, and respect for diversity, inclusive leaders are able to create a work ecosystem that encourages increased competitiveness and organizational reputation. This is in line with the demands of the digital era that prioritizes flexibility, collaboration, and the development of the potential of each individual in the organization.

A culture of inclusion has been shown to be a critical catalyst in transforming the potential of inclusive leadership into organizational competitive advantage. Through practices that encourage engagement, open communication, and participatory decision-making, organizations can create an environment that not only supports innovation but also builds a positive reputation among stakeholders. This research confirms that inclusion is not just a theoretical concept, but a concrete strategy for dealing with the complexities of digital transformation.

Empirically, the developed research model is able to explain 69% of the variation in corporate reputation and 60.4% of the variation in organizational competitiveness. This figure shows the significance of inclusive leadership and inclusive culture factors in shaping contemporary organizational dynamics. This finding provides a substantial theoretical contribution in understanding the mechanism of organizational development in the digital era, while also offering a practical framework for leaders and management practitioners.

The practical implications of the research are highly relevant, especially for organizations operating in complex and dynamic environments. Developing inclusive leadership and a culture of inclusion is no longer seen as an option, but rather a strategic imperative for survival and excellence. Organizations need to systematically build leadership capacity that embraces diversity, encourages participation, and creates space for continuous innovation.

In the future, further research can expand the scope of investigation by considering other contextual variables, such as geographic factors, industry sectors, or specific organizational cultural dynamics. The complexity of digital transformation requires an increasingly comprehensive and multidimensional research approach to produce a deeper understanding of the mechanisms of organizational development in the contemporary era.

The fundamental conclusion of this research is: inclusive leadership and a culture of inclusion are not just management trends, but strategic foundations for building adaptive, innovative and sustainable organizations in the digital age. The ability of organizations to embrace diversity, encourage participation and create an inclusive environment will be a key determinant of competitive success in the future.

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