CHAPTER II
LITERATURE REVIEW

2.1. Theoretical Basis
2.1.1. Inclusive Leadership
2.1.1.1. Definition of Inclusive Leadership

The concept of Inclusive Leadership was first introduced by Nembhard & Edmondson (2006). They suggested that the phrase "leader inclusiveness" describe a leader's actions and words that express an invitation and gratitude for the contributions of others. For the construct of Inclusive Leadership, it was specifically created by Carmeli *et al.* (2010). They defined inclusive leaders as persons who are open, available, and accessible to listen to employees who have original ideas while providing a psychologically safe space where individuals can express their viewpoints that don't always align with the norms. Employees are more likely to freely and honestly discuss their concerns with their leaders when they are approachable and nice.

Inclusive Leadership is essential for fostering and maintaining a sense of identity and belonging (Randel *et al.*, 2016). As is essential to transformational leadership, Inclusive Leadership emphasizes team members' diversity and promotes their belongingness rather than emphasizing the need to assimilate the group requirements or goals to assist each team member's contributions (Randel *et al.*, 2018). In addition, Inclusive Leadership encourages productive collaboration among a variety of team members. Inclusive leadership, in contrast to transformational and authentic leadership, focuses a great emphasis on encouraging and valuing individual diversity as well as making sure that there is a sense of community among team members (Mason *et al.*, 2014; Randel *et al.*, 2018). By establishing the environment for teams to strike a balance between members' needs for individualism and a sense of belonging, Inclusive Leadership aims to control both the advantageous and detrimental consequences of team diversity. Hollander *et al.* (2008) stated that for an Inclusive Leadership practice to be successful, the four Rs are important. Taking daily actions like assembling

diverse teams, handling crises, managing change, and addressing inequalities and pressures are all examples of Inclusive Leadership. All of this starts with respect for others, recognizing their contributions, and being responsive to them.

2.1.1.2. Inclusive Leadership Factors

According to the Model of Inclusive Leadership that stated by Northouse (2021), there are several prior factors that can give an influence to the formation and adoption of inclusive behaviors by leaders, there are:

1. Characteristic of the leader

   The characteristics of a leader are crucial components in a leader's capacity to engage and create an inclusive workplace culture. Additionally, the other supporting characteristics like a leader's cognitive complexity (ability to view and analyze problems from multiple perspectives) and personality characteristics will also be helpful in fostering an inclusive workplace (friendliness and open-mindedness are helpful).

2. Group of diversity cognitions

   The Inclusive Leadership approach and related research also provide credibility to the notion that employees' variety of cognition might have an impact on the emotions of inclusion. The acceptance of differences in perspective and worldview among the group as well as multicultural values are significant predicators of inclusive behaviors. Other than that, an organization's psychological environment or perception of its diversity policies and practices may have an impact on Inclusive Leadership.

3. Organizational policies and practices

   Several policies and practices that promote fostering an inclusive workplace include a varied spectrum of stakeholders on significant committees, collaborative work cultures, fair processes, and transparent dispute resolution policies and procedures. These procedures can be organized into distinct formal policies as well as unofficial ones in variety ways.

2.1.1.3. Inclusive Leadership Indicators

According to Carmeli *et al.* (2010), Inclusive Leadership is marked by 3 indicators, there are:

1. Openness is a key to build strong relationships between a leader and their employees. The stronger the connections, the employees will be more engaged and dedicated in accomplishing the goals and objectives of the company. This sign of Inclusive Leadership will make a leader become more approachable and instill a sense of respect and trust in the heart of each of the employees. When a leader demonstrates openness, each of the employees is more willing to share information with a leader which could help the leader to solve problems, or at least stop a problem from becoming a catastrophe.

2. Accessibility means a leader needs to be approachable and give an equitable access for all of the employees. By providing accessibility in leadership, it can develop a work environment that promotes inclusion which can lead to an increase of employee work engagement and productivity.

3. Availability it means that the leader always there for their employees. The presence of leaders gives employees the impression that they are cared and valued by their leaders. In addition, it will also make the employees have an impression that the benefits and awards they receive are in line with their effort objectives, which strengthens the proactive motivation of actions in them for the company.

2.1.2. Reward System
2.1.2.1. Definition of Reward System

The procedures and rules used by an organization to fairly reward its employees based on their contributions, abilities, and market value are called the reward system. It encompasses techniques, practices, structures, and procedures for providing and sustaining appropriate compensation, benefits, and other types of remuneration. It is designed within the context of the organ's philosophy, plans, and policies (Armstrong, 2001). Similar to that, a reward is an expression of gratitude given by a boss or leader to a subordinate or to an individual or group

within an organization who has achieved or surpassed a predetermined target (Firman *et al.,* 2020; Arfah *et al.,* 2019).

According to Schoeffler (2005), the 3 components to an efficient reward system are immediate, short-term, and long-term. This means that excellent performance is acknowledged right away, performance rewards for the short term may be granted on a monthly or quarterly basis, and rewards for the long term are given for exhibiting loyalty over time. Regularly, employees receive immediate rewards so they are aware of their exceptional success. These rewards are essential for retaining the best workers (Yokoyama, 2010).

2.1.2.2. Reward System Factors

Modern businesses use human resource management systems with rewards as a crucial component as it helps with employee recruitment, retention, and motivation. According to Bange (2013), there are several factors that influence reward system, there are:

1. Job Design

   It is a system in which employees report stronger views of skill variety, task significance, autonomy, and feedback report higher levels of internal job satisfaction and motivation. It was discovered that the performance of internal activities had an impact on the reward system for exterior activities, and there was a correlation between job characteristics and job satisfaction.

2. Affective Commitment

   It is the commitment component which has been found to be most significantly linked to positive professional and organizational outcomes like job satisfaction, motivation, and employee retention. As a result of the rewards gained, it is also seen as an emotional bond and commitment to the organization.

3. Level of Motivation

   It is the internal state that propels people to perform certain activities. How an organization maintains employee motivation and how they assess employee

performance for job compensation are key factors in the organization's overall success.

4. Organizational Culture

The ability to change an employee's preferences for rewards is enabled by culture (Chiang & Birtch, 2007). Organizational culture includes all aspects of the workplace including moral principles and intangible commitments to things like autonomy, competence, and working conditions for employees (Hofstede, 2004).

5. Performance Management

It is a procedure for recognizing, developing, discussing, and evaluating employees' performance. The activity of performance management must be in line with the overall business strategy of the organization. When an evaluation system yields favorable or unfavorable outcomes, the employee may either receive intrinsic or extrinsic rewards, or they may completely lose it out altogether.

6. Government

It has the authority to set minimum requirements and pay scales for all employees, encourage greater competition, improve workplace democracy, and ensure "fairness" in employment relations.

7. Level of Competition

In many organizations, there's growing commitment gap in many companies that can be seen from the widen disparity between the expectations of employers and what employees are prepared to do. The leader must exercise strong control in favor of more employee empowerment in order to prevent this from happening. Genuine commitment needs from employees not only acknowledgment or awareness of what the organization expects, but also an emotional and extra-role behavioral response.

2.1.2.3. Type of Reward System

According to Neckermann & Kosfeld (2008), there are 2 types of reward system, there are:

1. Intrinsic Rewards

   Intrinsic reward values all of these experiences: being acknowledged, receiving praise for a job well done, and having a choice in what we accomplish. Correspondingly, intrinsic reward is a psychological advantage that employees experience for accomplishing important activities effectively (Thomas, 2008). According to Lewis (2013), praise and recognition are perceived as ideal approaches to motivate employee behavior in the workplace since they are regarded as the most valuable rewards. In line with the aforementioned research, According to Aktar *et al.* (2012), non-monetary incentives are including professional growth, learning opportunities, challenging work, and recognition. Employee motivation and performance have been discovered to increase when given intrinsic reward, which has been proven to be an effective technique.

2. Extrinsic Rewards

   Extrinsic benefits are frequently referred to as monetary, physical, or financial motivation. The majority of this kind of reward is monetary in nature. Extrinsic rewards include pay, benefits, job stability, promotions, a friendly work environment, competitive pay, pay increases, merit bonuses, make-up time off, and others. The provision of extrinsic rewards to employees can help in boosting employee morale. How the extrinsic rewards are distributed in businesses has always been important, especially in the context of performance reviews in the present globalization eras (Mahaney & Lederer, 2006).

2.1.2.4. Reward System Indicators

2.1.2.4.1. Intrinsic Reward

According to Aktar *et al.* (2012), there are 3 indicators in intrinsic reward, there are:

1. Empowerment/Trust

   Empowerment has been defined as a leadership decision that offers their employees autonomy at work, the result of which is that the employees

become aware of their independence and have the freedom to come up with original and innovative solutions (Gange & Deci, 2005). To bring value to any connection, trust between people is a crucial component of empowerment in any organization or business. This form of dependency is also very important to complete the task (Munir *et al.,* 2016).

2. Recognition

Acknowledging employee's performance, accomplishments, or actions that reflect a positive attitude like giving verbal appreciation. For instance, this kind of reward can be in the form of formal attendance for example a meeting and in informal attendance such as giving a round of applause which is useful for increasing the self-esteem and satisfaction, which will lead to more contribution efforts (Niguse *et al.,* 2019).

3. Praise

According to Nelson (2004), praise and acknowledgement are the most effective intrinsic reward for improving employee's performance. Expressing gratitude to employees for their accomplishments is the primary purpose of employee appreciation. Employees may assess their performance and evaluate if they are succeeding or failing because of these rewards (Sarvadi, 2010). Hence, leader should reward their employees for their work by expressing their gratitude. Giving praise s the simplest and least common form of reward that can have a significant impact on employees' performance (Niguse *et al.,* 2019).

2.1.2.4.2. Extrinsic Reward

According to Mahaney & Lederer (2006), there are 4 indicators of extrinsic reward, there are:

1. Pay

Money is the most effective motivator since it is necessary for people to achieve their basic requirements, so it inspires employees more than any other reward (Rynes *et al.,* 2004). Kahn *et al.* (2010) claimed that pay has a significant impact on employees' creativity. A line with aforementioned

statement, according to Sajuyigbe *et al.* (2013), pay is one tool that management can use to inspire people to perform successfully and efficiently.

2. Fringe Benefits

   Other than salary, rewards offered to employees are called fringe benefit. Providing fringe benefits will create optimistic, innovative work environment, and boost output and sales. In fact, the provision of fringe benefits plays a significant role in motivating employees to give extra role behavior (Niguse *et al.,* 2019).

3. Bonuses

   Bonuses are additional types of reward obtained for a thing or achievement that will be given to employees as a sign of excellence in work performance (Finkle, 2011). According to Niguse *et al.* (2019), employees who receive bonuses are more likely to put up all of their efforts throughout the year in order to accomplish more than just a decent appraisal which will increase their chances of receiving multiple earnings at once.

4. Promotions

   According to Niguse *et al.* (2019), a promotion is when an employee moves up from one position to another with a greater income range, a higher job title, and frequently higher level job duties. Sometimes promotions lead to an employee gaining control of overseeing or managing the work of another employee. Based on the research from Munir *et al.* (2016), employees are encouraged to receive this kind of reward by making every effort to earn the management's trust and receive their delegation of authority and responsibilities.

2.1.3. Employee Work Engagement

2.1.3.1. Definition of Employee Work Engagement

According to Pham & Avnet (2019), work engagement theory is based on primary regulatory participation such as the values of work engagement which can be described as the motivational force that a person feels as attraction or rejection of an item as a result of attaining certain goals. Unlike the

aforementioned statement who defines work engagement in terms of values, according to Beck (2015), there are 3 types of employee work engagement. The first is personal engagement which is defined by a person's ambition. A skilled but unmotivated person will just finish the assignment to the extent that is necessary, but a driven person will work harder and more creatively than an unmotivated person. Second, the organizational engagement is determined by organizational culture and the leadership effectiveness of the organization, as assessed by how employees devote their time and energy to the organization. Someone will be more enthusiastic when they initially begin working for the organization, but they will become less enthusiastic if they experience poor leadership or a toxic workplace environment. The third type of engagement is situational engagement, which is determined by the significance of the business's goals as well as how enthusiastic and interested employees are about the initiatives that are requested.

2.1.3.2. Employee Work Engagement Factors

According to Bakker & Demerouti (2007), there are 3 factors that can affect employee work engagement, there are:

1. Job resources are those elements of the job related to the physical, social, and organizational aspects of work that enable employees to lessen their workloads, the psychological, physiological, and other costs associated with their work, as well as their capacity to foster growth, personal development, and the achievement of professional goals.

2. Salience of Job Resources relates to how valuable and important the workplace resources that are held by employees are.

3. Personal Resources related to the traits that employees have, such as their personalities, natures, ages, etc. When they score higher on extraversion and conscientiousness and lower on neuroticism, individuals who are more involved at work will differ from other employees in their personal traits.

2.1.3.3. Employee Work Engagement Indicators

According to Schaufeli *et al.* (2006), there are 3 indicators to measure employee work engagement, there are:

1. Dedication

   Someone who is committed to their work is fully immersed in it and experiences pride, challenge, inspiration, and a feeling of direction.

2. Vigor

   Vigor is characterized by high levels of energy and mental fortitude when working, the willingness to put effort into one's task, and persistence even in the face of setbacks.

3. Absorption

   Absorption is the state of being entirely absorbed and content in one's work. Time moves quickly and it becomes tough to break away from work during this period.

2.1.4. Organizational Citizenship Behavior (OCB)

2.1.4.1. Definition of Organizational Citizenship Behavior (OCB)

According to Saleem & Amin, 2013, the OCB concept can be seen in one of two ways: as an additional role performance that is distinct from both in-role performance and performance in line with the job description. The second approach entails examining OCB from the perspective of a political theory or ideology. This strategy links the behavior of organizational members to civic behavior. The existence of OCB refers to how individual organizational beliefs and perceptions affect how psychological agreements and contracts are carried out. This behavior develops as a result of the person's satisfaction as an organization member when they achieve something larger than the organization. In line with the above statement, the word "OCB" refers to employee behavior. This OCB corresponds to the concept of "extra-role behavior," which is defined as behavior that contributes directly to role expectations while also benefiting the company. As a result, OCB is a useful, extra-role, prosocial behavior that influences individuals, groups, or organizations (Singh, 2010).

According to Sarmawa et al (2015), OCB is an example of a worker's contribution "above and beyond" the formal job description. Helping others, offering to do extra jobs, and following rules and regulations at work are all instances of OCB. These initiatives demonstrate "employee added value" and fall under the category of prosocial behavior, which is characterized as helpful, constructive, and intentional social action. According to Robbins & Judge (2015), in order for a company to succeed, its employees must be prepared to go above and beyond the standard of duty. In today's dynamic workplace, where tasks are typically accomplished in groups, flexibility is essential. Employers are seeking for employees who are willing to perform tasks that are not part of their job descriptions. Statistics demonstrate that organizations with strong OCB will outperform those without it.

2.1.4.2.Organizational Citizenship Behavior (OCB) Factors

According to Berber *et al.* (2012), there are several factors that can influence Organizational Citizenship Behavior, there are:

1. Leadership

   Organizational Citizenship Behavior (OCB) is shaped by the way a leader behaves toward each employee individually, whether directly or indirectly helping them to solve difficulties and receiving help in return. This action will make employee feel obligated to repay the good behavior.

2. Job Satisfaction

   With a particular focus on employee attitudes, the connection between job satisfaction and Organizational Citizenship Behavior (OCB) begins with the premise that says "satisfaction leads to performance." If employees are motivated both internally and externally, they will retaliate and may go above and beyond the requirements of their role.

3. Employees' Personality

   Personality has been linked to OCB. Those with high agreeableness scores demonstrated a propensity for helping others, having positive opinions about their coworkers, and anticipating others' needs. The Big Five framework's

conscientiousness dimension has been shown to be the best predictor of employees' performance in supplemental roles. The characteristics of reliability, thorough planning, self-discipline, and perseverance are included in this personality component.

4. Employees' Impression

OCB and employee perceptions are interconnected with each other. According to Berber *et al.* (2012), in order for the employees to promote a positive image for themselves in the organization, an employee can help others and seek responsibility for more duties. When employees engage in Organizational Citizenship Behavior (OCB), each of the individuals may receive a reward from their leader.

2.1.4.3.Organizational Citizenship Behavior (OCB) Indicators

The indicators that are created by Organ are one of the most often used to conceptualize OCB. According to Organ *et al.* (2006), OCB is made up of five indicators, there are:

1. Altruism is helping others with the difficult task that the organization requires. Employees help coworkers in addition to doing their duties, which enhances and boosts organizational effectiveness.

2. Consciousness, which includes meeting or exceeding minimum role requirements, such as not missing work days.

3. Civic virtue is the act of participating in and caring about the organization's survival.

4. Sportsmanship is a style of conduct intended to prevent complaints and whining.

5. Courtesy is a polite and rule-abiding behavior in order to avoid interpersonal disputes.

2.2. Previous Research

<div align="center">

Table 2.1

Empirical Studies of Previous Research

</div>

No	Research Title	Variable	Researcher	Result
1	Inclusive Leadership and extra-role behaviors in higher education: does organizational learning mediate the relationship?	Inclusive Leadership, Organizational learning, Organizational Citizenship Behavior (OCB), and Innovative Work Behavior (IWB).	Mohammed Aboramadan, Khalid Abed Dahleez, and Caterina Farao (2020).	It shows a positive relationship between Inclusive Leadership and extra-role conduct. Organizational learning is discovered to favorably link to OCB and IWB as an intervening variable. There is indirect relationship between Inclusive Leadership and extra-role behaviors, and organizational learning considerably mediated Inclusive Leadership and both IWB and OCB.
2	Effects of Inclusive Leadership on organizational citizenship behavior: the mediating roles of organizational justice and learning culture	Inclusive Leadership, Organizational Citizenship Behaviors, Organizational Justice, and Organizational Learning Culture.	Thi Bich Hanh Tran and Suk Bong Choi (2019).	Inclusive Leadership was a powerful catalyst for OCB. Additionally, it was discovered that the association between Inclusive Leadership and OCB was favorably mediated by organizational justice and learning culture.

Continuation of Table 2.1

3	Inclusive Leadership and employee work engagement: a moderated mediation model	Inclusive Leadership, Person-job fit, Work engagement, and Felt responsibility.	Ping Bao, Zengrui Xiao, Gongmin Pao, and Niels Noorderhaven (2021).	This study discovered a positive connection between Inclusive Leadership and employee work engagement through a person-job fit. Additionally, Inclusive Leadership has a direct impact on person-job fit and an indirect impact on work engagement when employees assume a high level of personal responsibility for their work.
4	Peran Keterlibatan Karyawan Pada Hubungan Rewards dan Internal Communication dengan Organizational Citizenship Behavior	Rewards, internal communication, employee work engagement, and Organizational Citizenship Behavior (OCB).	I Made Dena Julio Mahendra Saputra and Putu Saroyini Piartrini (2019).	Rewards significantly and favorably influence organizational citizenship behavior. The employee's organizational citizenship behavior increases in direct proportion to the amount of rewards given. Additionally, rewards have a favorable and considerable impact on how motivated employees are at work. Level of work engagement increases as the rewards is given higher. Other than that, employee

				work engagement also significantly and favorably affects organizational citizenship behavior. Employee organizational citizenship behavior increases with employee job satisfaction. Organizational Citizenship Behavior is significantly and favorably impacted by internal communication as well.
5	Reward System and Academic Staff Job Involvement in Ogun State Tertiary Educational Institutions	Rewards System, job involvement, and academic staff.	Akeem Ayotunde Adekunle (2018).	According to this study, the institutions' mechanisms for rewarding academic staff were insufficient. Along with a significant relationship between financial rewards and work engagement, there was also a significant correlation between non-financial rewards and academic staff members' work engagement.
6	Inclusive Leadership and work engagement: the mediating role of procedural	Leadership, Procedural justice, Work engagement, and Inclusive	Ada Tuna Cenkci, Tuba Bircan, and Jeff	The study's findings indicate that Inclusive Leadership has a favorable indirect impact on work engagement. The

	justice	Leadership.	Zimmerman (2020).	relationship between Inclusive Leadership and work engagement is mediated by procedural justice, which has a positive correlation with Inclusive Leadership.
7	The Influence of Leadership, Reward System and Self-Efficacy on Work Engagement of Frontline Employees at PT. TIKI JNE Jakarta	Work Engagement, Leadership, Reward System, and Self-Efficacy.	Indra Fahrizal and Sjaiful Munir (2022).	The results of this study show that leadership directly boosts employee work engagement. Additionally, the reward system directly boosts self-efficacy and work engagement among employees. The implication is that employee work engagement will rise if the development of the reward system is improved. However, self-efficacy also has a significant beneficial influence on employee work engagement.
8	The Relationship between Work Engagement, Job Satisfaction and Organizational Citizenship	Job satisfaction, organizational citizenship behavior, and work	Yumna Maulidandya Fajria Hariq and Siti Mulyani	The results show that OCB can be led and promoted by work engagement and job satisfaction. Employees gain a sense of belonging to their jobs when they are engaged,

	Behavior of Firefighters in Yogyakarta City	engagement.	(2021).	inspired, and passionate about what they do. They also actively cultivate corporate citizenship practices. Employees are more likely to develop anything significant in every activity they engage in if they are happy and content with their work, have access to adequate facilities, and operate in a supportive environment. Positive employee attitudes may motivate individuals to openly lend assistance to one another, a behavior known as organizational citizenship behavior.
9	Diversity Management and OCB: The Connection Evidence From The Lebanese Banking Sector	Affective Commitment, Organizational Citizenship Behavior, Normative Commitment, Work Engagement, and Diversity Management.	Rima Bizri (2018).	The results of this study demonstrate that affective commitment, normative commitment, and work engagement have a considerable impact on OCB, which is well supported by the literature. The results of the current study further demonstrate that engagement and

				affective commitment have a strong and beneficial association with diversity management.
10	The Influencing Outcomes of Job Engagement: An Interpretation from the Social Exchange Theory	Job Engagement, Task Performance, Organizational Citizenship Behavior, Job Burnout, and Counterproductive Work Behavior.	Nan Yin (2018).	The study's findings indicate that task performance, OCB, and job engagement have strong positive relationships while task performance, CWB, and job burnout have significant negative relationships. Job engagement will have a beneficial impact on task performance and OCB, demonstrating the necessity for managers to aggressively mobilize their workers' working passion and initiative and have them actively devote themselves to the work in order to improve task performance and OCB. Job engagement and CWB are considerably and adversely moderated by organizational justice.

Continuation of Table 2.1

| 11 | The Effect of Inclusive Leadership on the Work Engagement: An Empirical Study from Turkey | Inclusive Leadership, Work Engagement, and Psychological Safety. | Huseyin Aslan, İbrahim Sani Mert, and Cem Sen (2021). | The research's findings show that Inclusive Leadership positively and significantly affects work engagement, showing that it raises engagement at work. It also underlines how inclusive leaders that exhibit open, accessible, and available behaviors provide valuable resources for their staff members' knowledge and skill development. The study's intervening variable, psychological safety, has an indirect but increasing influence on the relation between Inclusive Leadership and job engagement. In other words, employees become more engaged at work when they feel psychologically comfortable in the work environment that an inclusive leader has created. |

Continuation of Table 2.1

12	Inclusive Leadership Promotes Challenge-Oriented Organizational Citizenship Behavior Through the Mediation of Work Engagement and Moderation of Organizational Innovative Atmosphere	Inclusive Leadership, challenge-oriented organizational citizenship behavior, work engagement, organizational innovative atmosphere, and high-tech industries.	Lu Chen, Fan Luo, Xiaomei Zhu, Xinjian Huang, and Yanhong Liu (2020).	The findings show that Inclusive Leadership greatly raises employee engagement at work. When Inclusive Leadership and work engagement are added to the model at the same time, the effect of Inclusive Leadership on employees' COCB is reduced and the effect of work engagement on COCB is markedly positive. Then, as a result of Inclusive Leadership and employees' COCB, the environment for organizational innovation starts to deteriorate. Therefore, while low-level Inclusive Leadership may have a negative impact on employees' COCB, a high-level organizational innovative culture may be able to offset this harm.
13	The Effect of Reward on Organizational Citizenship	Rewards and OCB.	Farih Lidinnillah, Sylviana Murni, and R.	According to the research, rewards have a direct significant impact on OCB. Leaders at UMK takes into

	Behavior Lecturers of Muria Kudus University (UMK) Central Java		Madhakomala (2019).	account that rewards are a significant factor in lecturers' OCB in a positive way. Other than financial rewards that come in the form of paychecks and tangible gifts/bonuses, non-financial rewards like recognition from superiors and attention from peers are also crucial and need to be pay attention too.
14	Job satisfaction and organizational citizenship behavior amongst health professionals: The mediating role of work engagement	Work engagement, job satisfaction, organizational citizenship behavior, health professionals, and healthcare industry.	Lee-Peng Ng, Yuen-Onn Choong, Lok-Sin Kuar, Chun-Eng Tan & Sok-Yee Teoh (2019).	Based on the research result, JS has been discovered to have a positive affect over OCB. Correspondingly, it also shows positive direct effect between JS and WE. In addition to that, the study indicates that WE will exert pressure on the increase in substance in OCB. The finding supported the idea that satisfied healthcare practitioners typically exhibit higher WE. Their enthusiasm, passion, and sense of accomplishment at work translated into higher

			levels of extra role behavior, such as helping people who are carrying large burdens.
15	Explaining the Effects of Inclusive Leadership on Job Satisfaction with the Mediating Role of Work Engagement	Inclusive Leadership, Job Satisfaction, Work Engagement.	Mustafa Fedai Cavus, Huseyin Aslan, and Ayse Gokcen Kapusuz (2020).	According to the researcher's findings, Inclusive Leadership and job satisfaction are partially mediated by work engagement. Additionally, the study demonstrates that Inclusive Leadership significantly and favorably affects job satisfaction. Similarly, Inclusive Leadership has a big, beneficial impact on how motivated employees are at work. Work engagement also positively and significantly influences job satisfaction as a mediator variable. The findings indicate that contented and engaged workers are more likely to enact rules and regulations that will improve their existing working conditions. Finding the appropriate

				course of action with the assistance of inclusive leaders is the best way to raise work engagement and job satisfaction.
16	The mediating role of Inclusive Leadership: Work engagement and innovative behavior among Chinese head nurses	China, head nurses, Inclusive Leadership, innovative behavior, and work engagement.	Yi-Xuan Wang, Ya-Juan Yang, Ying Wang, Dan Su, Shu-Weng Li, Ting Zhang, and Hui-Ping Li (2018).	The study found that Inclusive Leadership and workplace engagement were not only strongly predictive of but also associated to innovative behavior. Additionally, the relationship between innovative behavior and work engagement was mediated by Inclusive Leadership. Therefore, it is important to support Inclusive Leadership among head nurses in Chinese hospitals. This could be interpreted as a method to increase the work engagement and innovation of Chinese head nurses.
17	The antecedence of lecturer's OCB: Evidence from	Organizational Citizenship Behavior (OCB),	Widodo Widodoa and Robertus M. B. Gunawan	The study's findings are consistent with the idea that organizational commitment, reward

| | Indonesia | learning organization, reward system, and organizational commitment | (2020). | structures, and learning organizations are key predicators of OCB. Organizational commitment was significantly directly impacted by the learning organization and reward system. Organizational commitment, which serves as a mediator, has a significant impact on how learning organizations and reward systems affect OCB. In fact, managers and leaders in private higher education who place a high value on managerial commitment, system perspective, openness and experimentation, knowledge transfer, and integration tend to have these qualities in their faculty as well as lecturers who show altruism, conscientiousness, courtesy, sportsmanship, and civic virtue. |

Continuation of Table 2.1

| 18 | The Effect of Leadership Behavior and Reward System on The Employee Performance Mediated by Organizational Citizenship Behaviour of PT Danpac Pharma | Leadership behavior, reward System, Organizational Citizenship Behavior (OCB), and employee performance. | Ika Lavena and Singmin Johannes Lo (2020). | This study shows that Organizational Citizenship Behavior mediates the effects of Leadership Behavior and Reward System on Employee Performance both partially and simultaneously. Additionally, Organizational Citizenship Behavior is positively and significantly impacted by Leadership Behavior as well as positively and significantly impacted by Reward System. Employee Performance is positively and significantly impacted by leadership behavior as well as positively and significantly impacted by reward systems. Therefore, how a civic organization behaves greatly depends on how its leader behaves. If the leader can behave well, it will develop a sense of wanting to help other coworker in each of the |

				individual employees to help their co-workers for the role of their leader behavior and this also can give a positive output which is an increase on employee performance.

Source: Journal

2.3. Relationship among Variables

2.3.1. Inclusive Leadership and Employee Work Engagement

According to the empirical research that has been done, leadership is one of the crucial elements that can help increase employee work engagement. In contrast to the current leadership philosophies that were associated with work engagement, Inclusive Leadership may have a special impact on increasing work engagement because it places a different kind of primary emphasis on addressing employees' desires for individuality and a sense of belonging. This style of leadership is a promising leadership technique that may improve employee behavior as well as interpersonal interactions that fundamentally benefit the workplace and encourage employees to speak up and participate in activities connected to their jobs. Employees are more likely to be very involved in their work when they have an inclusive leader who guided them in an organization (Rodriguez, 2018). Consistent with the aforementioned research, organizations should cultivate inclusive leaders in the workplace and pay attention to employees' duties for their work in order to boost the employee felt-responsibility towards engagement. By that means, organizations may increase the compatibility between job requirements and employee abilities in the workplace and to guarantee the effectiveness of Inclusive Leadership which benefit from escalated employee work engagement (Bao *et al.,* 2021).

According to Randel *et al.* (2018), inclusive leaders are more likely to demonstrate actions that satisfy the needs of both employee uniqueness and belonging. This empowers workers to fully engage in their work and shows them that their originality is valued and accepted by the company. Through their behaviors, inclusive leaders show their team members that they value and respect their contributions as well as their needs. Employees are given more resources to meet their work requirements when they feel that their leaders genuinely care about them and that their work has a big impact on the company. In line with the aforementioned research, Inclusive Leadership also can also provide employees the impression that their leaders and the workplace are supportive because these employees have access to their inclusive leaders whenever they need it (Qi *et al.*, 2019). Positive feelings and perceived support give workers the psychological tools they need to face the demands of their jobs and motivate them to persevere in trying circumstances—factors that are strongly linked to high levels of work engagement. Positive impacts of high levels of work engagement include greater psychological health and less psychosomatic issues (Cai *et al.*, 2018). Taken these arguments together, the researcher proposed following hypothesis:

> *H1: Inclusive Leadership is significantly influencing employee work engagement*

2.3.2. Reward System and Employee Work Engagement

The reward system defines the relationship between the organization and each individual member by defining the terms of exchange. This indicates that with the appropriate reward system for the right employees, the organization can have motivated employees who are more willing to engage in their work. This underlines the idea that rewards may eventually serve as a motivator for employees to contribute more to the company (Ker *et al.*, 2005). Harmonious with the aforementioned research, Ali *et al.* (2019) stated that there are various internal factors in an organization that can influence employee work engagement. In this research, it has been proven that reward system is one of the significant internal factors that can motivates and synergize employees' efforts to improve employees

work engagement. Giving an attractive reward to the employees will aid in the development of high levels of cognitive engagement activity and positive organizational performance.

This statement also in line with Rai *et al.* (2018) who stated that the reward for the work performed contains the norm of reciprocity that expects the employees to respond well and obliged to provide the best potential output for the company by comprehensively engaging themselves in the organization. By mean of this, the reward received from organizations make the employees voluntarily respond by giving a higher level of engagement. In term of reward system in organization, Chawla *et al.* (2017) stated that employees prefer to choose a flexible reward structure to stay highly motivated and engaged due to a shift in thinking, priorities, preferences, risk orientation, and attitude toward living in the present. Employees will be satisfied and feel respected if the company successfully adjusts the reward according to their needs and expectations, which will have a positive impact with an increase in employee work engagement in the company that will undoubtedly give a significant positive impact to the company as a whole. Taken these arguments together, the researcher proposed following hypothesis:

H2: Reward System is significantly influencing Employee Work Engagement

2.3.3. Inclusive Leadership and Organizational Citizenship Behavior (OCB)

Employee performance and behavior are influenced by the type of leadership used in the organization where they work. Using inclusive approaches can be one way for leaders to put their leadership style into practice and enhance corporate performance and employee behavior. A set of leader behaviors known as Inclusive Leadership enables employees to feel like they are a part of the company while still contributing to group processes and outcomes. Employing Inclusive Leadership will improve behavioral results because it will give employees a sense that their contributions are valued and that they are all expected to have strong relationships with the organization (Randel *et al.,* 2018).

According to empirical research by Tran *et al.* (2019), Inclusive Leadership was a successful strategy for promoting employee OCB. Leadership is one of the organizational elements that might have an impact on OCB. Since an unsuitable leadership style may result in unfavorable outcomes that ultimately have a detrimental impact on the entire organization, leaders need to be mindful of how their leadership style in work scenarios fosters employees' OCB. Inclusive Leadership is one of the leadership philosophies that can be used within the company. Even if Inclusive Leadership and other leadership philosophies have some points in common, it stands out from others due to a particular trait. This style of leadership places more emphasis on the needs of its employees and three types of supportive behaviors that can help workers feel like they are being treated well by the organization. This increases their level of voluntary commitment within the organization, which in turn helps the company function effectively.

According to Panicker *et al.* (2018), Organizational Citizenship Behavior with an inclusive culture, clear inclusive policies, and committed leadership will see more of the inclusive behavior. When an employee feels accepted at work, they form a special bond with the company. As a result, not only does their performance improve, but they also exhibit organizational culture-consistent behaviors, such as OCB. Congruent with the aforementioned research, Inclusive Leadership has been proven to have a favorable effect on OCB because it is thought to be a common antecedent to OCB. The style of acknowledgment, belonging, inclusivity, and identification that Inclusive Leadership possesses differs from other leadership styles that can potentially seem to be comparable. As the leader embraces the employees with supportive behaviors, the employees will feel valued and encouraged to repay the leader and the organization by voluntarily going above and beyond the standard of the tasks assigned to them in order to assist the company's sustainability in achieving its goals (Aboramadan *et al.,* 2020). Taken these arguments together, the researcher proposed following hypothesis:

> *H3: Inclusive Leadership is significantly influencing Organizational Citizenship Behavior (OCB)*

2.3.4. Reward System and Organizational Citizenship Behavior (OCB)

Reward is an award that is given by the organizational personally to an individual. This award can touch employees' personal side that will have a deep psychological effect and their personality toward their job. The presence of a reward system in an organization can promote OCB growth that thrives in a work environment and foster a psychological connection and sense of kinship with the organization. The feeling of belonging can provide the tenacity and maximum energy output for organizational growth. This kind of effective activity can boost the perception of organizational support within an organization, which then results in the existence of high OCB (Tawil, 2021).

According to Lavena *et al.* (2020), OCB refers to employee behavior that is motivated by volunteerism rather than the obligations of the job. In order to have a high OCB, one of the organizational activities that must be implemented by the organization is the dimensions of the rewards system, both financial and non-financial. A leader of an organization should provide rewards that commensurate with the job performed by their employees. Therefore, it will make the employees feel more passionate in voluntarily helping their coworkers and the organization in finishing the work. This will lead to an increase in OCB, which will then lead to an increase in employee performance.

In line with previously mentioned research, according to Lidnnillah *et al.* (2019), to ensure organizational development, the organization must be supported by an adequate reward structure in order for employees to deliver good service and performance to the organization voluntarily. The reward system that must be adopted must be balanced, not only in terms of financial such as giving rewards, but also must be in the form of non-financially such as giving praise, attention from superiors, and promotions. With the dynamics of a balanced reward system, each of the employees will have a high level of dedication and will be willing to go above and beyond their responsibilities of their work in order to create output more than the organization expects.

Research by Tufail *et al.* (2017) also stated that there is a statistically significant relationship between reward system (extrinsic and intrinsic) with OCB. Employees who are satisfied with the organization's reward system will feel a significant boost in connectivity, allowing them to devote more energy to their job duties, as well as an increase in proactive work behavior (personal initiative). Furthermore, employees are more likely to "free up" resources by meeting goals and completing tasks efficiently, allowing them to pursue activities outside of their job description. Therefore, reward system should be used in order to be one indicator of employee compliance in providing flexible efforts to help the organization voluntarily. Taken these arguments together, the researcher proposed following hypothesis:

H4: Reward System is significantly influencing Organizational Citizenship Behavior (OCB)

2.3.5. Employee Work Engagement and Organizational Citizenship Behavior (OCB)

Work engagement was discovered to be an important predictor of OCB by Ng *et al.* (2019). Work engagement is a positive psychology concept that emphasizes the development of human talents and skills. This demonstrates that engaged employees are energetic, persistent, proud of their work, and completely focused on it. In other words, work engagement has the potential to increase employee happiness, organizational commitment, and performance in both roles. Employees who are engaged in their work are more productive, allowing them to volunteer to execute duties that are outside of their job description. Based on this research, having professional employees who demonstrate high OCB level is very critical for the organization effective performance and output. If the organization pays special attention to the factors that influence employee work engagement, OCB will improve significantly, causing employees to be naturally motivated to work, assist others, and go above and beyond their formal responsibilities.

In line with the aforementioned argument, Thakre *et al.* (2020) stated that employees who are actively engaged in their work are tend to act more

constructively in their work and in the extra-role performance like OCB. Organizational leaders place high expectations on their employees to demonstrate OCB behaviors such as taking initiative, committing to their work, adhering to high-quality performance standards, and taking responsibility for their own professional development. One of the factors that can help in boosting the OCB is by engaging people who are passionate about their profession. This will make them feel connected to their organization and capable in taking additional duties for the organization. This study's findings also support the notion that highly engaged workers, who are known for their vigor, dedication, and absorption in their work, are more likely to engage in discretionary behavior because they have extra personal resources and frequently believe that their role extends beyond what is prescribed for them.

Likewise, the research that is conducted by Aboramadan *et al.* (2020) reveals that work engagement positively affects OCB in organization. Employees who have high level of work engagement are believe that they owe their leaders something in return for the benefits they have gotten, and feel obligated to reciprocate by exhibiting favorable work-related outputs. Moreover, it will also make the employees more attentive to new information, eager to perform well, and act proactively in finishing their work. Correspondingly with prior research, Rahman *et al.* (2021) mentioned that employees who are psychologically involved in their work and organizations will make more use of work-related time like OCB. This positive effect implies that an employee who develops a strong and dedicated work attachment at their work is more likely to enjoy their job. These behaviors undoubtedly foster job satisfaction and influence the advancement of an organization. At the same time, it will encourage the employees to contribute in providing the best ideas and voluntarily engage in extra behavior for the organization growth. Taken these arguments together, the researcher proposed following hypothesis:

H5: Employee Work engagement is significantly influencing Organizational Citizenship Behavior (OCB)

2.3.6. Mediating Role of Employee Work Engagement on The Influence of Inclusive Leadership toward OCB

Nurjanah *et al.* (2020) claim that OCB characteristics are the examples of positive employee behavior that goes above and beyond the required tasks, responsibilities, and job descriptions of the organization. Employees with OCB exhibit positive behavior voluntarily and spontaneously rather than expecting the company to recognize or reward them for it. In order to increase employee OCB, organizations must determine what elements can help to increase employees OCB. Some aspects that influence OCB are experience, personality, and contextual variables like work traits, attitudes to work, and leadership style.

In the general management literature, empirical research by Aboramadan *et al.* (2020) has demonstrated that leadership is a strong driver of work engagement. An effective leader is believed to have the ability to influence organizations and individuals by persuading them to behave in a way that benefits the organization. When compared to any other human resource in the firm, effective leaders give more benefits to the workplace. It has the ability to influence employee productivity, contentment, effectiveness, and OCB. In addition, leaders have the ability in influencing the employees to discern that their jobs as more challenging and meaningful which in turn can affect the level of engagement in OCB. Therefore, it is believed that adopting the right leadership style based on the organization needs will enhance the possibility of employees becoming engaged in their work that can lead in an increase in OCB.

One of the leadership styles that can influence OCB is Inclusive Leadership. According to Cenkci *et al.* (2020), Inclusive Leadership has an effect on the attitudes of employees and outcomes such as employee well-being and innovative behavior, psychological safety, team performance, and taking the initiative behavior. Openness, accessibility, and availability are examples of Inclusive Leadership qualities that can help to create a setting that supports open communication and employee involvement in decision-making which will make them feel respected and valued that later on will make them wanted to return the favor by becoming more engaged at work.

Consistent with the research above, the study that conducted by Aboramadan (2022) stated that due to reciprocal interactions and the performance link between employees and the leader, employees are more likely to show high levels of engagement when they feel that their leaders value their preferences and actually care about their professional development. As the employee work engagement rises, OCB will be fostered. Moreover, employees who are highly engaged have a propensity to be proactive, eager to succeed, more receptive to new information, and will motivate the employees to exhibit extra-role behaviors. Taken these arguments together, the researcher proposed following hypothesis:

> *H6: Employee Work engagement is significantly mediated Inclusive Leadership with Organizational Citizenship Behavior (OCB)*

2.3.7. Mediating Role of Employee Work Engagement on The Influence of Reward System toward OCB

Apart from leadership, reward system is believed as one of the aspects that can influence OCB. According to Thomas *et al.* (2017), organizational rewards are any rewards that employees receive as part of their job connection with an organization, both financial and non-financial. Those are components of the context in which an organization's strategy activities are carried out, and they represent the interpersonal and structural dynamics that occur inside and through organizations. Employees perceive the distribution of organizational rewards as a sign that their company wishes to interact socially with them, resulting in a close psychological bond.

In line with the statement previously mentioned, Saleh *et al.* (2020) claimed that the purpose of rewards is to increase internal employees' engagement in the organization. The quality, capacity, capability, and integrity of the job can all be improved by using a rewards system. According to management theory, a reward is not only given to keep employees, but also to better motivate them. It is a motivating element that gives people or groups more passion to carry out their primary activities in the business with greater power and impact. Providing rewards to employees can motivate them to exhibit more constructive behaviors

and attitudes at work, which will increase output and involvement in the company. From the standpoint of human resource theory, rewards play an essential part in motivating employees to perform better; hence they can be categorized as an extrinsic motivation. When it comes to boost employee work engagement, the indicator of employee engagement denotes a notable increase in workload as well as discipline, and a reduction in the likelihood that an employee will quit. These indicators show that the employees are highly involved in the sense of altruism, and they also show that the employees' attitudes toward the organization where they work are becoming more consistent.

According to Choi *et al.* (2015), reward is a key driver of behavior and an antecedent that can affects OCB. Reward system is a significant driver of engagement and motivation inside the company, which eventually aids in the accomplishment of organizational goals. As a result, reward is an important antecedent that either directly or indirectly affects OCB. The research concluded that, in addition to reward and job satisfaction, a variety of additional antecedents may have an impact on OCB as moderating and mediating factors.

This argument can be supported with the research from Arokiasamy (2021) which found a beneficial relationship between employee work engagement and OCB. Work engagement is the confirmation that all work dedication and satisfaction are intertwined, as well as how people express their emotions at work. When employees are engaged, they are more likely to establish a social atmosphere that encourages teamwork, support, voice feedback, and other spontaneous behaviors that might help the company succeed. The contribution of the research is described as a two-way system that prioritizes an external position and employee participation. Employees who are engaged in their jobs are more likely to participate in organizational citizenship activities. According to the empirical studies gathered by the researcher, employee work engagement is in a good position to mediate the relationship between the reward system and OCB. Together, these arguments led the researcher to make the following hypothesis:

H7: Employee Work engagement is significantly mediated Reward System with Organizational Citizenship Behavior (OCB)

2.4. Conceptual Framework
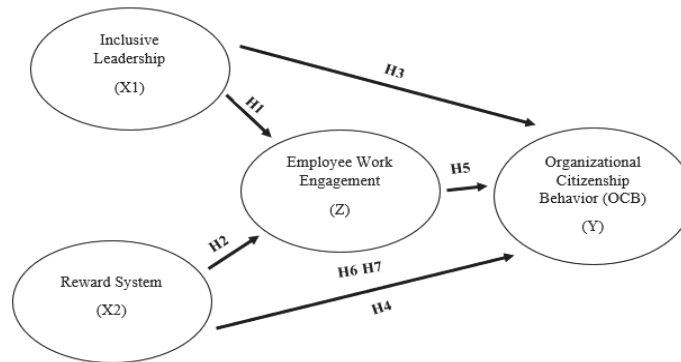
Figure 2.1 Conceptual Framework

2.5. Hypotheses

Based on the conceptual framework and description of the relationships among variables there are 2 effects in the relationship between the variables, there are direct effect and indirect effect. In this research, the direct effects are as follow:

H1: Inclusive Leadership is significantly influencing employee work engagement.

H2: Reward System is significantly influencing Employee Work Engagement

H3: Inclusive Leadership is significantly influencing Organizational Citizenship Behavior (OCB).

H4: Reward System is significantly influencing Organizational Citizenship Behavior (OCB).

H5: Employee Work engagement is significantly influencing Organizational Citizenship Behavior (OCB).

In this research, the indirect effects are consisting of:

H6: Employee Work engagement is significantly mediated Inclusive Leadership with Organizational Citizenship Behavior (OCB).

H7: Employee Work engagement is significantly mediated Reward System with Organizational Citizenship Behavior (OCB).