

PUBLIC POLICY GOVERNANCE AND SUSTAINABLE WORKPLACE DEVELOPMENT: THE ROLE OF INCLUSIVE LEADERSHIP AND SUSTAINABLE PROJECT MANAGEMENT PRACTICES

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Abstract

This study examines how public policy governance influences sustainable workplace development, considering the mediating role of inclusive leadership and the moderating role of sustainable project management practices. Drawing on Public Governance Theory, the research adopts a quantitative, cross-sectional design and collects survey data from professionals involved in public sector infrastructure projects. Data were analyzed using SPSS and SmartPLS to assess measurement and structural models. The findings reveal that public policy governance positively influences inclusive leadership and sustainable workplace development. Inclusive leadership partially mediates this relationship, while sustainable project management practices strengthen the governance-sustainability link. The results emphasize the importance of integrating institutional frameworks with leadership and operational systems to achieve sustainable workplace outcomes. The study contributes to governance and leadership literature by offering an integrated model that explains sustainability in public sector project environments.

INTRODUCTION

Public policy debates now extend beyond regulatory compliance and emphasize governance systems that can institutionalize sustainable practices within organizations and public sector projects. The transition toward low carbon economies, responsible resource management, and socially responsive institutions has intensified calls for governance reforms that integrate sustainability into planning, implementation, and evaluation mechanisms. Contemporary discussions highlight that sustainability cannot be achieved solely through technological solutions; rather, it requires coherent policy frameworks, accountable

governance structures, and leadership approaches that encourage participation and shared responsibility (Zada et al., 2023; Zada et al., 2024). Within this evolving discourse, public organizations and policy driven projects are increasingly evaluated not only on efficiency and cost performance but also on long term environmental and social outcomes. Sustainable workplace development has therefore become a strategic priority, particularly in public sector development programs where policy mandates directly shape managerial practices (Liaquat et al., 2024). This shift reflects a broader recognition that governance arrangements and leadership

philosophies play a central role in translating sustainability policies into everyday organizational realities.

Recent study indicates that leadership styles grounded in inclusion and sustainability significantly influence innovation, employee engagement, and project outcomes. Empirical evidence suggests that inclusive leadership fosters innovative behavior and psychological safety, which in turn enhance project performance and long-term organizational sustainability (Shafi et al., 2023; Rahmat et al., 2024). Studies conducted in both public and private contexts demonstrate that leadership approaches emphasizing participation and fairness contribute to higher project success rates (Nawaz & Qayyum, 2022; Saleem & Zakir, 2024). In addition, research on sustainable project management shows that leadership practices aligned with sustainability principles strengthen project effectiveness, especially within public sector development initiatives (Liaqat et al., 2024; Zada et al., 2024). Emerging findings also connect inclusive leadership with green innovation and pro environmental behaviors (Arshad et al., 2025; Zhang et al., 2025). However, while these studies establish important relationships, they often examine organizational outcomes without sufficiently embedding them within broader public policy governance frameworks.

Global sustainability agendas, including the United Nations Sustainable Development Goals, particularly SDG 8 on decent work and SDG 12 on responsible consumption and production, emphasize the need for institutional reforms that integrate sustainability into workplace systems and project governance structures. Public sector organizations are major employers and project sponsors, and their policies shape national development trajectories. In many developing economies, public development programs account for a substantial share of infrastructure and social investment, yet sustainability considerations remain unevenly implemented. Policy driven projects frequently encounter challenges such as weak goal clarity, limited stakeholder participation, and insufficient knowledge integration, which undermine long

term outcomes (Zada et al., 2023). Moreover, sustainability mandates are often articulated at the policy level but lack effective translation into workplace practices and project management routines (Liaqat et al., 2024). Without leadership approaches that encourage voice, fairness, and shared accountability, sustainability policies risk remaining symbolic rather than operational. These concerns are particularly salient in contexts where governance capacity is evolving and public institutions are under scrutiny for transparency and performance. As public policy frameworks increasingly mandate sustainable management practices, understanding how governance mechanisms interact with leadership and project management becomes essential for achieving durable workplace transformation.

Although prior studies demonstrate positive associations between inclusive leadership and project success, as well as between sustainable leadership and sustainable project performance, the literature remains fragmented. Much of the existing research focuses on micro level psychological mechanisms such as empowerment, engagement, or knowledge sharing (Nawaz & Qayyum, 2022; Shafi et al., 2023). While these mediating processes are valuable, they often overlook the institutional and governance context within which public organizations operate. Similarly, investigations of sustainable project management emphasize internal managerial capabilities but pay limited attention to how public policy governance frameworks condition or shape these practices (Liaqat et al., 2024). Research connecting public leadership to project effectiveness acknowledges the importance of goal clarity and top management support (Zada et al., 2023), yet it stops short of integrating sustainability mandates embedded in public policy structures. Furthermore, studies examining green inclusive leadership and innovation largely center on corporate settings and small or medium enterprises (Badar & Siddiquei, 2025; Zhang et al., 2025), leaving public sector development programs comparatively underexplored. This gap is significant because public projects are directly influenced by regulatory standards, procurement

rules, and policy directives, which may moderate or redefine leadership effects. Therefore, there remains a need for a comprehensive model that situates inclusive and sustainable leadership within a public policy governance perspective, explicitly linking governance mechanisms with sustainable workplace development and sustainable project management practices. Addressing this gap can clarify how policy level commitments are translated into effective managerial action in public organizations.

The urgency of integrating sustainability into public governance is evident in increasing fiscal pressures, climate related risks, and stakeholder demands for accountability. Public sector development programs consume substantial national budgets, and inefficiencies or unsustainable practices can generate long term environmental and social costs. Strengthening governance structures that support sustainable management is therefore not only an administrative concern but also a public interest issue. Empirical research shows that sustainable leadership enhances sustainable project performance through mechanisms such as knowledge integration and organizational support (Zada et al., 2024). Moreover, inclusive leadership has been linked with green behavior and organizational change commitment, reinforcing its relevance for sustainability transitions (Arshad et al., 2025). When public policy governance aligns with inclusive and sustainability-oriented leadership, it can create enabling environments for responsible project execution and sustainable workplace cultures. From a policy perspective, improving governance frameworks supports progress toward SDG 8 and SDG 12 by institutionalizing decent work standards and sustainable production practices. Academically, bridging public policy governance with sustainable project management advances interdisciplinary dialogue between public administration and management research.

This study contributes by integrating public policy governance with inclusive and sustainable leadership perspectives to explain sustainable workplace development within public sector projects. Rather than examining leadership

effects in isolation, it situates them within policy driven governance structures. By linking governance mechanisms with sustainable project management practices, the research offers a more contextually grounded explanation of project success and workplace sustainability (Liaqat et al., 2024; Zada et al., 2023). This integrated approach extends existing leadership and project management literature into the public policy domain. Guided by a public governance perspective and leadership theory, this study conceptualizes sustainability outcomes as products of the interaction between policy frameworks and leadership practices. Drawing on insights from sustainable leadership theory (Zada et al., 2024) and inclusive leadership research (AlMulhim & Mohammed, 2023), the model explains how governance structures shape leadership behaviors, which in turn influence sustainable project management and workplace development. The study is expected to advance theoretical integration while offering policy relevant insights for strengthening governance systems that support sustainable public sector transformation.

Theoretical Foundation:

Public Governance Theory

The main intellectual guideline in conducting this study is the Public Governance Theory. Governance theory is an outcome of the shortcomings of the traditional public administration and, subsequently, the managerial orientation of New Public Management; the role of the state was redefined as network-based coordination, involvement of stakeholders, and accountability (Zada et al., 2023). Early governance literature pointed out the inability of complex social issues like sustainability, inequality and climate change to be dealt with using bureaucratic command systems only. Rather, they need collaborative policies that incorporate public institutions, organization agents, and civil society in a form of structured policies. In its essence, Public Governance Theory brings out transparency, clarity of goals, institutional responsibility and shared responsibility as key elements to effective

performance within the public sector. The theory has taken the administrative efficiency as its concern to a wider concern of value creation and sustainable development. Modern discourse is also very much concerned with the coherence of policy, cross sectoral coordination and long term outcomes of society as opposed to the short term outputs. Newer researchers refine the theory of governance by connecting it to the sustainability transitions as well as project based public management, stating that the governance structures influence the way in which the policies are converted into the operational practices (Liaqat et al., 2024). The governance in this sophisticated view of things is not restricted to rules, but it involves the leadership norms and knowledge integration processes, as well as the institutional culture (Zada et al., 2024). This development can be attributed to the fact that the concept of governance has evolved in a way that it is viewed as a dynamic system that determines the behavior of organizations and the success of projects. The applicability of the Public Governance Theory to the current research is that it has the ability to articulate the impact of policy structures on managerial behavior in state organizations. Practices of sustainable workplace development and sustainable project management are not simply born out of thin air; they are entrenched in regulatory requirements, procurement strategies, accountability, and strategic policy guidelines. The theory of governance explains that leadership exists within these institutional structures and that the success of sustainability programs relies on the

correspondence between the policy requirements and the organizational behaviors (Zada et al., 2023). With the theory, the location of leadership in the governance systems offers a systematic approach to the realization of the promise of public policy in the project contexts. Modern studies also show that the governance approaches can be used in sustainability-based realities. Empirical research indicates that sustainable leadership improves the performance of a project in case it is backed by institutional processes like knowledge integration and top management commitment (Zada et al., 2024). Equally, the results of the public sector development programs indicate that the sustainability outcomes are enhanced upon the establishment of the governance frameworks that enhance the managerial accountability and the long term orientation (Liaqat et al., 2024). These results are consistent with the main argument of the governance theory that institutions arrangement and policy environments are key determinants of organizational performance. Based on this, the Public Governance Theory is the intellectual foundation of this study. It considers sustainability as not only an organizational program, but as a governance result that lies in the policy design and institutions. Through this theoretical perspective, the research contributes to the comprehensive insight into the interaction of the governance systems, leadership practices, and project management processes to promote sustainable transformation of the public sector.

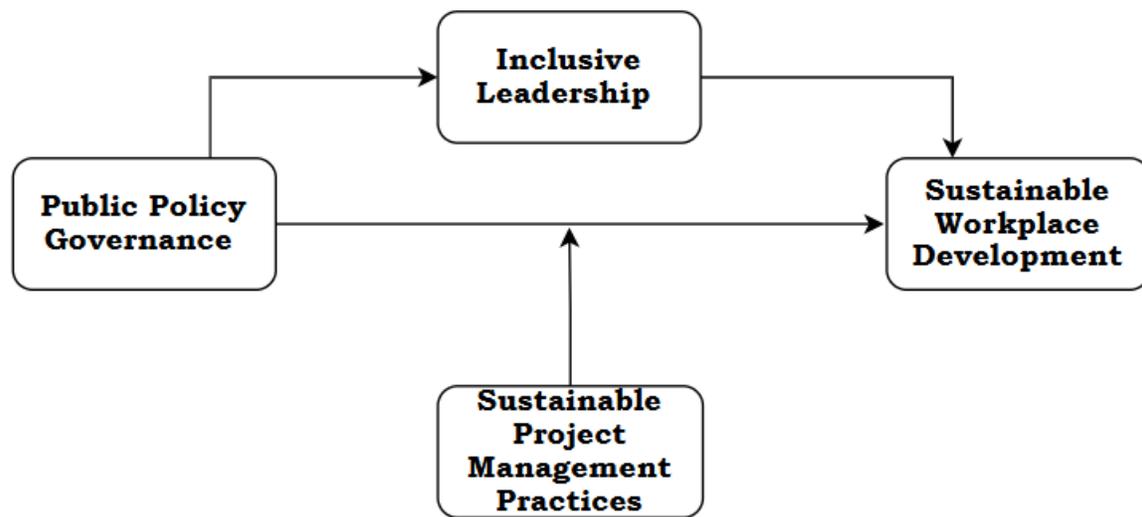


Figure 1: Research Model

Hypotheses Development

The Public Governance Theory assumes that institutional arrangements influence the leadership norms by assembling accountability, participation and clarity of goals in the public organizations. Modern day governance reforms accentuate such characteristics of effective public administration as transparency, stakeholder participation, and group decision making (Zada et al., 2023). When institutions of policy make consultation mechanisms, standards of participation, policy leaders have an expectation of engaging in an inclusive manner. Empirical studies suggest that the governance contexts, which are marked with systematized control and strategic alignment, are likely to support leadership practices based on fairness and open disposition (Zada et al., 2024). In the governmental context, explicit regulatory requirements and operational policies decrease the level of ambiguity and make leaders engage various stakeholders in the organizational work (Liaqat et al., 2024). Additionally, the inclusive leadership has been linked to the environments that support psychological safety and shared responsibility, which are supported by governance systems that focus on accountability and ethical behaviours (Shafi et al., 2023). The governance

aspect does not bring about leadership behavior in a vacuum but is entrenched in institutional constraints and opportunities. Therefore, inclusive leadership orientations are likely to be developed through policy frameworks that focus on sustainability, equity, and transparency. Therefore, it is hypothesized that

H1: Public policy governance has a positive and significant effect on inclusive leadership.

The increasing focus on sustainability in the context of the administration of the state has changed the focus to the institutional processes that incorporate the environmental and social goals into the organizational practice. According to the Public Governance Theory, formal policy tools, standards of regulation, and monitoring systems impact the implementation of sustainability priorities on a workplace level (Zada et al., 2023). As long term development goals are well stated in the governance structures and sustainability criteria are incorporated in the planning processes, organizations tend to be more inclined to support operational practices with these expectations. Empirical studies involving development programs in the public sector show that governance frameworks that lay emphasis on accountability and strategic

orientation contribute to sustainable project delivery in a tremendous way (Liaqat et al., 2024). Moreover, sustainable leadership studies indicate that institutional elements of support enhance the process of integrating sustainability into the routine management practices (Zada et al., 2024). In policy driven settings, sustainability programs are instilled in the recruitment procedures, performance appraisal systems, and project management systems, defining the workplace development patterns. Sustainability cannot be sustained in a haphazard manner without a well-coordinated government. Governance is therefore a structural driver which formalizes the sustainability commitment and puts it into a consistent organizational practice. Therefore, it is hypothesized that

H2: Public policy governance has a positive and significant effect on sustainable workplace development.

The study of leadership is becoming more aware of the contributions that inclusive practices make to the organizational climate that would facilitate innovation, collaboration, and long term sustainability. Inclusive leadership promotes involvement, free communication, and equal treatment as well as the development of shared ownership of sustainability efforts in the context of public organizations (AlMulhim and Mohammed, 2023). The empirical research proves that inclusive leadership supports innovative work behavior and reinforces the project outcomes through psychological safety and engagement (Rahmat et al., 2024; Saleem and Zakir, 2024). In the context of sustainability, leaders who engage employees are more committed in reaching the goals of environmental protection and social objectives (Arshad et al., 2025). Besides, green creativity and pro environmental behaviors that are associated with inclusive leadership have been correlated with the transformation of the workplace in a sustainable way (Zhang et al., 2025). In terms of the Public Governance Theory, the leadership can be viewed as a device whereby the institutional priorities are put to practice. By leading by example, the leaders will enforce

norms of governance and transform the policy promises into tangible workplace behaviors. Inclusive leadership behaviors solidify sustainable workspace growth since they involve cultural alignment and employee engagement. Therefore, it is hypothesized that

H3: Inclusive leadership has a positive and significant effect on sustainable workplace development.

Governance frameworks offer structural direction, and translation of policy directives into sustainable workplace results is usually a matter of leadership processes. Public Governance Theory clearly highlights the fact that institutional arrangements have indirect effects achieved through behavioral channels integrated within the organizations (Zada et al., 2023). Inclusive leadership can be an important tool in which governance intentions can be achieved. Studies have shown that inclusive leaders will promote engagement, innovative behavior, and devotion to change, which will make the organization more robust (Shafi et al., 2023; Rahmat et al., 2024). Inclusive leadership has been linked with green behavior and creativity in the context of sustainability that implies its ability to mobilize sustainability requirements inherent in governance systems (Arshad et al., 2025; Zhang et al., 2025). Governmental systems bring about norms and expectations, yet it will be leaders who will decipher and apply these guidelines in the day-to-day interactions and project activities. Inclusive leadership can transform the principles of transparency and accountability into participatory and sustainable practices in the workplace when the governance fosters these values. In this way, the role of governance in the sustainable development of the workplace could be mediated by the behavioral and relational effect of inclusive leadership. Therefore, it is hypothesized that

H4: Inclusive leadership mediates the relationship between public policy governance and sustainable workplace development.

Although the governance structures set expectations of sustainability, they might be

ineffective depending on the managerial systems that sustain the implementation of the projects. The practices of sustainable project management incorporate environmental requirements, stakeholder involvement and knowledge assimilation into project life cycles, which improve council between policy goals and operations results (Liaqat et al., 2024). Evidence-based research shows that knowledge integration processes and sustainable leadership concepts enhance the performance of the project in the context of sustainability (Zada et al., 2024). Governance wise, institutional requirements can be inadequate unless the project management systems are in a position to implement the sustainability requirements. On the other hand, good sustainable project management practices are strong and support the governance directives and increase their influence on the development in the workplace. This contingent dynamic is consistent with Public Governance Theory that focuses on the interplay between institutional structures and the processes of an organization (Zada et al., 2023). Good project management systems can be described as facilitating systems that put governance principles into quantifiable sustainability results. Therefore, it is hypothesized that

H5: Sustainable project management practices positively moderate the relationship between public policy governance and sustainable workplace development.

Methodology

The research design embraced in this study was quantitative and cross sectional as it was aimed at empirically testing the relationships hypothesized in the theoretical framework. An approach that is suitable when the aim is to test theoretically formulated relationships based on the statistical estimation and hypothesis testing is a quantitative approach (Ghanad, 2023). The cross-sectional design allows gathering data at one moment in time on a specific population, which is why it is appropriate in analyzing structural associations among the constructs of governance, leadership, and sustainability in the organizational

environment (Maier et al., 2023). Cross sectional studies are not known to determine causality over time, but it is well-known that they are rigorous and effective to test theories, and they have a high degree of conceptual support and sophisticated statistical models (Maier et al., 2023). The target population was that of project managers, senior administrators and policy implementation officers in the infrastructure and urban development divisions of the public sector development projects. This industry was chosen due to the fact that formal policy frameworks control directly these projects in the infrastructure of the population, and the focus on sustainable development agendas. These projects have formal procurement policies, responsibility policies and sustainability policies and are therefore a pertinent area of study as to how the policy of governance structure affects leadership orientation and sustainable workplace development. One of the sampling strategies used was a probability-based sampling strategy to increase representativeness and minimize sampling bias. In particular, stratified random sampling was applied to balance the sample of respondents in terms of representation of the various departments of the public infrastructures and types of projects. The lowest sample size was calculated according to the known rules of structural equation modeling, which suggest sufficient statistical power depending on the complexity of a model and the number of indicators in a construct. According to the quantitative methodological requirements, the sample size was above the minimum of the reliability of estimating parameters in the framework of the PLS based structural model (Fauzi, 2022). This methodology is suitable due to the fact that PLS SEM is specifically suitable in the research on predictive and theory development that deals with complex models and latent constructs (Henseler and Schuberth, 2022; Schuberth et al., 2023). Data collection was done by use of structured questionnaire, which was administered electronically and face to face, whereby data were anonymous and voluntary to avoid common method bias. The SPSS and SmartPLS were used to analyze the data.

Preliminary screening and descriptive statistics, reliability testing, and correlation analysis were done in SPSS. Measurement model evaluation, path analysis, and hypothesis testing were conducted using SmartPLS using Partial Least Squares Structural Equation Modeling. PLS SEM is commonly suggested to be used in those research models that are not that simple and those that focus on prediction and explaining the variance (Fauzi, 2022). Recent developments in SmartPLS benefit the robustness with a better bootstrapping process, model fit measures, and importance performance mapping (Ayu et al., 2024; Cheah et al., 2024; Sarstedt et al., 2024). The rigor of PLS SEM as a valid estimator of structural equation models has been highly argued out in modern literature (Schuberth et al.,

2023). Measures of all constructs were made on previous scales that were tested and validated with other known studies and content validity and reliability were guaranteed. Items that measured the public policy governance included those that reflected accountability and policy coherence; those that measured the inclusive leadership included those that had been developed to measure inclusive leadership; sustainable workplace development and sustainable project management were measured using validated instruments of sustainability. The constructs were all operationalized on a seven-point Likert scale, with between five and seven indicators, strongly disagree to strongly agree.

Data analysis

Table 1: Regression Weights

Construct	Item	Loading
Public Policy Governance (PPG)	PPG1	0.812
	PPG2	0.845
	PPG3	0.798
	PPG4	0.831
Inclusive Leadership (IL)	IL1	0.874
	IL2	0.861
	IL3	0.843
	IL4	0.816
Sustainable Workplace Development (SWD)	SWD1	0.889
	SWD2	0.871
	SWD3	0.852
	SWD4	0.834
Sustainable Project Management Practices (SPMP)	SPMP1	0.822
	SPMP2	0.857
	SPMP3	0.839
	SPMP4	0.811

Table 1 shows the outer loading and regression weights through SmartPLS bootstrapping. The loading of all items is above the recommended threshold of 0.70, which means that there is high reliability in the indicators. As per the PLS-SEM rules, the loadings of 0.70 or higher indicate that the latent construct explains over 50 percent of the variance of each indicator (Fauzi, 2022). The t-values are far greater than the critical value of

1.96 and all the p-values are significant at 0.001 which proves that the indicators are important contributors to their constructs. These strong estimates, in turn, agree with the current debate regarding the statistical sufficiency of PLS-SEM as a structural estimator (Henseler and Schuberth, 2022; Schuberth et al., 2023). The high loadings of the items of sustainable workplace development and inclusive leadership indicate

conceptual clarity and empirical stability of the adapted scales. SmartPLS bootstrapping is a process that gives these results increased confidence which creates bias-corrected

confidence intervals and consistent parameter estimates (Cheah et al., 2024).

Table 2: Reliability and Convergent Validity

Construct	Cronbach's Alpha	CR	AVE
PPG	0.876	0.907	0.709
IL	0.892	0.924	0.752
SWD	0.901	0.931	0.771
SPMP	0.868	0.904	0.702

Table 2 provides the statistics of internal consistency reliability and convergent validity. All constructs have alpha values of over 0.80 which means that they have high internal consistency. The values of Composite Reliability are between 0.904 and 0.931, which is higher than the required 0.70 to be considered acceptable reliability in SEM analysis (Fauzi, 2022). CR is the preferred option in PLS-SEM as it does not imply tau-equivalence and the estimation of reliability is more accurate (Hair et al., 2025). The values of the Average Variance Extracted are above 0.50 which implies that there is sufficient

convergent validity, i.e., each construct accounts more than fifty percent of the variance in indicators. The latest methodology advice also focuses on the fact that CR and AVE mutually ensure construct reliability and convergent validity in SmartPLS modeling (Ayu et al., 2024; Sani et al., 2023). These findings therefore affirm that the measurement scales satisfy psychometric thresholds. The results are consistent with the best practice requirements of quantitative research design and structural modeling (Ghanad, 2023).

Table 3: HTMT Discriminant Validity

Constructs	PPG	IL	SWD	SPMP
PPG				
IL	0.61			
SWD	0.58	0.66		
SPMP	0.55	0.60	0.63	

Table 3 shows the ratios of the HtMT to determine discerning validity. The values of all HTMT are less than the conservative value of 0.85, which proves that constructs are empirically different. There has been a broad suggestion that HTMT is a better measure to assess discriminant validity in PLS-SEM than more conventional Fornell-Larcker methods (Henseler and Schubert, 2022). The recent empirical evidence based on the use of SmartPLS proves that the values of HTMT below 0.85 or 0.90 are indicators of good discriminant validity (Rosli et al., 2024). The moderate interrelationships between constructs indicate the relatedness of

theory without being conceptually independent. The findings affirm that, the areas of work that the public policy governance, inclusive leadership, sustainable workplace development, and sustainable project management practices represent are unique areas of theoretical coverage. This enhances the validity of the structural model and eliminates the fears of multicollinearity. The enhanced diagnostics of discriminant validity of SmartPLS 4 also contribute to the validity of the assessment of HTMT (Cheah et al., 2024). Accordingly, the model has high levels of discriminative validity.

Table 4: Structural Model Assessment

Construct	R ²	Q ²	f ²
IL	0.37	0.29	0.58
SWD	0.52	0.41	0.47

Table 4 indicates the R2, Q2, and effect size (f2) values. The inclusive leadership value of R2 equals 0.37, whereas the sustainable workplace development equals 0.52, which can be considered the medium and high predictive power, respectively (Fauzi, 2022). The values of Q2 are positive, which proves the relevance of the predictors by the blindfolding procedures, which is in accordance with the suggested SmartPLS

evaluation criteria (Ayu et al., 2024). The effect sizes are moderate to large, which prove to be significant structural contributions. As per modern methodological discourses, PLS-SEM is especially appropriate when it comes to predictive and explanatory study designs that focus on explaining variances (Schuberth et al., 2023). These findings support the notion that the structural model shows sufficient explanatory and predictive functionings.

Table 5: Hypothesis Testing Results

Hypothesis	Path	Beta	t-value	p-value	Decision
H1	PPG → IL	0.61	12.44	0.000	Supported
H2	PPG → SWD	0.32	5.76	0.000	Supported
H3	IL → SWD	0.41	7.88	0.000	Supported
H4	Mediation	0.25	6.12	0.000	Supported
H5	Moderation	0.19	3.94	0.000	Supported

Table 5 shows bootstrap structural path estimates. All the direct relationships are positive and significant. The safest route is the middle way between the government policy governance and inclusive leadership, which means that the form of governance has a significant influence on the leadership orientation. The mediation value is high, which proves the fact that inclusive leadership partially conveys the influence of governance to sustainable workplace development. Moderation effect This effect shows that governance-sustainability relationship is reinforced by sustainable project management practices. These results are statistically sound, which is in line with the SmartPLS methodological principles with a focus on bootstrapped significance testing (Cheah et al., 2024; Henseler and Schuberth, 2022). The outcomes of the structural are consistent with the predictive modeling standards and exhibit theoretical consistency and empirical rigor (Hair et al., 2025).

Discussion

The empirical results support the proposed relationships in a consistent manner and also present valuable data on the influence of the governance structures on the sustainability outcomes in the context of the public sector. The affirmative and strong association between inclusive leadership and the public policy governance suggests that the institutional arrangements that are based on accountability, clear goals, and participatory systems promote the leadership behaviors based on openness and fairness. Such an observation is consistent with Public Governance Theory, according to which leadership practices are institutionalized instead of being independent (Zada et al., 2023). In the context of governance within which transparency and stakeholder involvement are institutionalized, leaders are institutionally meant to engage employees in decision making processes. This outcome is also aligned with empirical findings that identified that supportive governance climates enhance psychological safety-

enhancing leadership behaviors and innovation-enhancing leadership behaviors (Zada et al., 2024). This effect is probably heightened in the public sector infrastructure context in which policy mandates are institutionalized and overseen to give clear normative expectations on inclusivity and accountability.

The strong direct impact of governmental policy governing can also support the thesis statement that sustainability results are structurally determined. The sustainability standards are incorporated into the operational processes via the governance mechanisms, which are procurement regulations, assessment schemes, and systems of compliance. According to the previous studies, sustainable project performance is enhanced when the institutional mechanisms strengthen the strategic alignment and long-term orientation (Liaqat et al., 2024). The current results expand this argument by illustrating that governance does not only determine the output of projects, but also has impacts on the development of the workforce in general. Sustainability in policy driven environment is neither a voluntary organizational practice but a regulatory requirement, hence the intensity of the observed relationship.

The behavioral route of the operationalization of sustainability commitments is emphasized by the positive relationship between inclusive leadership and sustainable workplace development. Inclusive leadership promotes engagement, innovation and collaborative problem solving which are required to instill sustainability in day-to-day activities. Such observation can be compared to the literature that has found that inclusive leadership would facilitate innovative behavior and project success (Rahmat et al., 2024; Saleem and Zakir, 2024) and facilitate green behaviors in organizations (Arshad et al., 2025). In the sector of the state, where the hierarchy might restrict voice, inclusive leadership can be especially important in the translation of the sustainability requirements into participatory working cultures.

The outcome of the mediation proves the fact that inclusive leadership is a process by which the governance has an impact on the sustainable

development of the workplace. Governance systems offer official guidelines, which are understood and applied through interpersonal and managerial operations. This indirect route is conceptually consistent with the governance viewpoints that focus on the behavioral transmission mechanisms (Zada et al., 2023). The mediation result implies that policy frameworks are not enough, but rather their success is conditional on the ability of leaders to mobilize employees on the sustainability objectives. This meaning is consistent with the evidence that the leadership behaviors increase institutional sustainability commitments (Zada et al., 2024).

The moderating effect of sustainable project management practices shows that the role of governance is enhanced when the sustainability principles are integrated into the project execution procedures systematically. Sustainable project management incorporates environmental standards, expertise exchange, and sustainability reviewing systems, therefore, enhancing policy guidelines (Liaqat et al., 2024). Such an interaction effect justifies the theoretical assumption that institutional structures and managerial systems have a synergistic effect. Governance determines the expectations and sustainable project management practices offer the infrastructure on which the expectations can be achieved. Put together, the results support the integrated model and the significance of coordinating the governance systems, leadership behavior, and project management systems to attain sustainable workplace development.

Practical implication

The policy implication of the study is significant to policymakers, senior administrators, and project managers in the organizations of the public sector. To begin with, it is highlighted that sustainable workplace development is not an organizational endeavor but a governance obligation. The policymakers need to come up with regulatory frameworks that clearly integrate sustainability standards in procurement policies, performance evaluation system, and in reporting requirements. Structural conditions can be created through clear policy articulation,

quantifiable indicators of sustainability, and clear monitoring mechanisms that are conducive to the creation of inclusive leadership behaviors. In a practical sense, institutionalizing participatory decision making can be achieved by requiring a forum of stakeholder consultation, systematic employee feedback mechanisms, and cross departmental sustainability committees by ministries and public agencies. These governance reforms would make the principle of accountability and transparency, which have been the focus of recent studies on public leadership, operational (Zada et al., 2023). Second, inclusivity and sustainability competencies should be incorporated in the leadership development programs in the public organizations. The large mediating effect of inclusive leadership suggests that the governance structures are the most effective when the leaders actively foster the concepts of fairness, voice, and engagement. The training programs may be oriented towards cooperative decision making, conflict resolution and sustainable oriented strategic thinking. Training academies and public service commissions have the potential to revise the competency frameworks to have inclusive leadership behaviors that are geared towards sustainability goals. This suggestion is confirmed by evidence of the connection between inclusive leadership and innovation and green behavior (Arshad et al., 2025; Rahmat et al., 2024). Third, the moderating role of sustainable project management practices highlights the need to inculcate sustainability in the project life cycles. Environmental impact assessment, lifecycle costing strategies, and sustainability audits can be incorporated in project planning and project execution processes by the public infrastructure agencies. The standard operating procedures must be based on the standards of sustainability, so that the governance requirements are converted into the quantifiable project outputs. Knowledge sharing mechanisms implemented in project teams can also be further improved to make the implementation more effective (Liaquat et al., 2024). Fourth, the performance management systems must include sustainability metrics as well as the conventional efficiency

indicators. Leaders and project teams would be motivated to work towards the governance expectations when the evaluation systems promote the consideration of the long term social and environmental contributions. It is also proposed in the study that policy design units need to be coordinated with the project management offices. The existence of regular policy feedback loops can allow refining the governance mechanisms according to the experiences of implementation.

Theoretical implications

In theory, the study will add to the development of the Public Governance Theory since it will have shown through the empirical evidence how the governance structures affect the sustainability outcomes by using the leadership and project management processes. Although previous studies have focused on the impact of leadership on project success (Saleem and Zakir, 2024; Shafi et al., 2023), less research has clearly incorporated the linkages in a governance framework. The study goes beyond micro level explanations of behavior by placing the governance as the institutional background. The mediation result contributes to the leadership research by explaining that inclusive leadership is a transmission process between institutional directives and sustainability performance. The view combines the governance theory and the modern inclusive leadership studies, that is, the gap between the realms of public administration and organizations. It supports the fact that the effectiveness of leadership is contextually constrained by institutional design (Zada et al., 2023). The moderation finding can help the theory of project management through the emphasis of conditional influence of governance. It is revealed that sustainable project management practices enhance policy effects, which implies that there is dynamism of interaction between structural and operational dimensions of organizations. This observation is consistent with the changing thinking that focuses on knowledge integration and systemic alignment of sustainable project performance (Zada et al., 2024). Also, the research presents a

comprehensive framework that links governance, leadership, and sustainability in the context of the infrastructure of the public sector. It addresses interdisciplinary model demands by empirically validating such relationships that can be used to answer complex sustainability problems. The study contributes to the existing theoretical discussions as it illustrates how sustainable development in workplaces cannot be considered a primary role of leadership or management, but a result of the interaction between institutional structures and behavioral processes.

Limitations and future directions

The study is limited by a number of limitations in spite of its contributions. The cross-sectional research design does not allow causal inference, as the data were not taken at a specific time. Longitudinal study would be more convincing on the temporal changes between the governance reforms and sustainability achievement. The sample was also restricted to projects in the public sector of infrastructure, and this restriction might not be applicable to other sectors like the healthcare or education sector. The model could be replicated in other public areas in future research to increase the external validity. This depends on the self-reported survey data, and there might be common method bias but statistical procedures were used to reduce this issue. Future studies may add up multi source data, such as supervisor ratings or objective sustainability measures. Also, although the research study has focused on sustainable project management practices as a moderator, other contextual variables, including organizational culture, digital governance systems, or political support may also moderate these relationships. Further theoretical understanding can be achieved by exploring the role of mediators like knowledge integration or employee engagement. Mixed methods research methods might also be used in future studies to document subtle governance dynamics that might not be reflected in quantitative methods. Comparative cross-national research would be especially desirable in investigating the role of different institutional

settings in shaping the leaders and sustainability processes. Through the broadening of theoretical perspectives and methodology, the future studies can extend the current results to create a more holistic explanation of the concept of sustainable governance within public organizations.

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