

Strategic Leadership and Diversity Management in Nigerian Federal Inland Revenue Service Abuja

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Abstract: *This study therefore seeks to investigate the impact of strategic leadership on Diversity Management in FIRS Abuja. Specifically, it explores how distinct leadership attributes—namely visionary direction, decision-making effectiveness, communication skills, and adaptability—diversity Management. This study adopts a survey research design. Data was collected from 425 respondents, the data collected was analysed using multiple regression analysis. The results indicated that visionary direction has the highest standardized coefficient (Beta = .546, B = .544, $p < .001$), indicating its strong positive influence on Diversity Management. Decision-making effectiveness also demonstrates a significant positive impact (Beta = .214, B = .225, $p < .001$). In contrast, communication skills, and adaptability exhibit smaller effects (Beta = .087 and .056, respectively) with p -values of .058 and .175, suggesting that their contributions to the model are less pronounced and not statistically significant at the 0.05 level. Based on the findings, the study recommends that FIRS should implement structured Visionary Direction training programmes for supervisors, establish formal Decision Making Effectiveness frameworks that provide ongoing guidance and support to employees and should nevertheless invest in robust communication strategies.*

Keywords: visionary direction, decision-making effectiveness, communication skills, adaptability, diversity management

INTRODUCTION

Strategic leadership and diversity management have emerged as critical elements in organizational success, particularly in a dynamic and diverse environment like Nigeria (Nwani & Okolie, 2022). Leadership's role is critical in managing organizational approach as it will require strategic leadership to embed the development of organizational cultures, inclusive systems and processes that deliver outcomes for the organization and employees (Feitosa *et al.*, 2022). Organization's

long-term success depends on how leadership can ensure that their culturally diverse workforce is empowered to contribute to their organization's outcomes (Chua, Sun & Sinha, 2023). Nigeria's socio-political landscape underscores the importance of leadership that appreciates and integrates diversity due to the issues such as ethnic tensions, regional disparities, and gender inequality which necessitate an inclusive approach to leadership (Adegbite & Ibidunni, 2020).

Diversity management entails policies and interventions that organizations develop and implement to bring about increased legitimacy, creativity, and innovation, and positive employee attitudes and behaviors, which in turn will boost organizational performance (Celik, Ashikali, & Groeneveld, 2011). Diversity management focuses on recognizing, valuing, and leveraging differences within the workforce to foster inclusion and improve organizational performance (Groeneveld & Verbeek, 2012). Nigeria's ethnic, cultural, and regional diversity presents unique opportunities and challenges for organizations. For FIRS, managing this diversity effectively is essential for maintaining workforce harmony, reducing bias, and enhancing productivity (Akinnusi *et al.*, 2017). Despite Nigeria's cultural richness and diversity, public sector organizations struggle with managing workplace diversity and fostering inclusivity (Onuorah & Ntagu, 2024). Key challenges include entrenched exclusionary practices, biases, and stereotypes that hinder employee engagement and participation (Ojo & Owoyemi, 2018). The absence of an inclusive organizational culture, coupled with ethnic and tribal discord rooted in historical grievances and identity politics, exacerbates inter-group tensions. These issues manifest in competition for resources, career advancement, and decision-making power along ethnic lines, undermining organizational cohesion, employee welfare, and societal harmony (Nweke & Ezejiofor, 2019).

Workforce diversity research has established that diversity training, diversity management frameworks, the cultivation of a climate conducive to diversity and inclusion, as well as leadership, are all pivotal to the efficacy of diversity management (Bebbington and Ozbilgin, Gino & Coffman, 2021). Among these elements, strategic leadership emerged as the most critical factor (Boekhorst, 2015). This study subsequently explores the influence of strategic leadership on the diversity management practices of the Federal Inland Revenue Service. This investigation concentrates on the executive leadership team, or the top management cohort, tasked with delivering the strategic leadership necessary for the organization's diversity management initiatives, given their authority and influence in shaping the organization's diversity management strategies, designs, and cultural frameworks (Martins, 2020). Although the role of leadership is paramount in any organizational context, there exists a paucity of empirical studies that examine the role of strategic leadership in diversity management within Nigeria. In summary, the main purpose of the present study is to contribute to the existing body of literature by investigating the role of strategic leadership in the management of a diverse workforce at the Federal Inland Revenue Service (FIRS), given that FIRS, as a governmental agency charged with tax administration, operates across 36 states and the Federal Capital Territory, engaging with a diverse spectrum of stakeholders.

This study therefore seeks to investigate the impact of strategic leadership on Diversity Management in FIRS Abuja. Specifically, it explores how distinct leadership attributes—namely visionary direction, decision-making effectiveness, communication skills, and adaptability—diversity Management

LITERATURE REVIEW

Conceptual Clarification

Strategic Leadership and Diversity Management

Workplace diversity is one of essential phenomenon in the modern era. Diversity is conceptualized as the recognition, comprehension, acceptance, and appreciation of variances among individuals concerning aspects such as age, personality, educational background, socioeconomic status, race, ethnicity, religious beliefs, gender, disabilities, and other factors (Green, López, et al., 2002). According to Oberfield (2014), diversity management is a broad range of policy within human resources which aims to promote tolerance and inclusion within the working environment of those who have not been well-represented in those environments traditionally, including women and ethnic minority groups for example. It is an effort by an organization to create an organizational climate for inclusion influences positive diversity outcomes (workers' job satisfaction, commitment, and retention, productivity) and reduces negative outcomes (mistrust, communication, intention to leave) (Vito & Sethi, 2020).

Although the notion of leadership style is often referenced, it is rarely delineated with precision (Yukl & Gardner, 2019). Operating under the premise that leadership behavior exerts a direct influence on organizational performance, the primary aim of leadership is to ensure the uninterrupted functioning of the organization (Zhang & Xie, 2017). Leaders are conceptualized as architects of organizational climate, as they mold the workplace environment through their behaviors and actions, which subsequently affect work-related outcomes (Nishii & Leroy, 2020). Strategic leadership is the ability of the top management team to generate long-term goals and objectives, think and act strategically, and foster organizational competitiveness sustainably (Carter & Greer, 2013). It encompasses core of critical practices, which include: determining the long-term goals of the organization; exploring and exploiting an organization's core capabilities; managing the human and social assets; inculcating a sustainable organizational culture; emphasizing ethical values and formulating and implementing balanced control systems that will not hinder continuous transformation but at the same time ensure organizational stability (Hagen 1998, Jaleha & Machuki, 2018). The fundamental goal of strategic leadership is to engender improved and viable organizational performance (Singh, 2016). Strategic leaders ensure that all participants are aligned with a common vision, with shared objectives and goals to which people can be dedicated (Goleman *et al.*, 2012).

Theoretical Review

The scholarly discourse concerning strategic leadership and diversity management is frequently categorized into three theoretical frameworks, which will be elucidated in the subsequent sections:

Upper Echelon Theory: Upper Echelon theory of Hambrick & Mason (1984) postulates that organizational outcomes – both strategies and effectiveness – are reflections of the values and cognitive bases of powerful actors (senior executives) in the organization (Hambrick & Mason, 1984). More specifically, the theory claims that top managers' perception of their corporate environment influences the strategic choices they make which eventually affects the performance of the organization. It further states that their fields of vision (the area's top managers direct their attention to) and for that matter the perceptions of the environment that result are restricted by their cognitive base and values (Carpenter, Geletkanycz, & Sanders, 2022). In other words, personal characteristics of top managers determine the aspects of the environment that they can see and what they see inform the decisions they make regarding strategic choices which ultimately affects the bottom-line of the organization.

Strategic Leadership Theory: Strategic leadership theory of House & Baetz (1979) claim that organizational strategies and effectiveness are viewed as reflections of cognitive bases and values of the key decision makers in the organizations (Hill, Jones & Schilling, 2015). Specifically, top managers' specific background, demographic characteristics and leadership behaviours do make a difference in strategy formulation and firm performance (Mayfield, Mayfield, & Sharbrough, 2015). According to House & Baetz (1979), strategic leaders must be able to develop the organization's vision, mission, strategies and culture and above all, monitor progress and changes in the environment with a view to ensuring strategies are focused, relevant and valid.

Social Identity Theory: Social Identity theory of Henri Tajfel and John Turner (1979) argues that individuals derive a sense of self-esteem and identity from their membership in social groups, such as ethnicity, religion, profession, or nationality. According to the theory, people categorize themselves and others into in-groups (groups they belong to) and out-groups (groups they do not belong to) (Onuorah & Ntagu, 2024). This categorization often leads to in-group favoritism and out-group discrimination, as individuals strive to maintain a positive self-concept by enhancing the status of their in-group (Ashikali, Groeneveld & Kuipers, 2020). The theory provides a framework for understanding group dynamics, prejudice, and intergroup conflict in organizational and societal contexts (Park & Liang, 2019).

Empirical Review

Park and Liang (2019) employed Ordinary Least Square (OLS) regression to evaluate the merit principles, workforce diversity, and diversity management on government performance in the US. The study finds that public organizational performance with more diverse workforce in terms of gender or more effective diversity management strengthened the positive effect of merit-based practices on organizational performance. By employing quantitative exploratory approach via interview to 210 human resources management teams and employees in private Saudi enterprises, Alfalih (2022) evaluates factors that influence diversity management competency within Saudi Arabia's private sector. The author established that leadership diversity competencies stimulate employee's diversity awareness and inclusiveness.

METHODOLOGY

To investigate the link between strategic leadership and diversity management at the Federal Inland Revenue Service in Nigeria, this study adopts a descriptive survey research design. The target population and Sample comprises of 425 employees of FIRS across various departments and levels. Data for this research was gathered through well-structured questionnaire, specifically designed to elicit quantitative data regarding perceptions and experiences associated with strategic leadership and the management of diversity. The questionnaire consisted of closed-ended inquiries with Likert scale responses to enhance the quantitative analysis while ensuring clarity and facilitating ease of interpretation. Furthermore, for the purpose of data analysis, both descriptive and inferential statistical methods were employed to interpret the data gleaned from the administered questionnaires. This analytical approach encompassed statistical measures such as mean scores, standard deviations correlation analyses and multiple regression analysis to investigate the interrelationships between the variables. To safeguard the rights of participants and maintain the integrity of the study, ethical principles such as informed consent and confidentiality was upheld at every stage of the research process.

Model Specification

The model is adapted from the framework used by Engida et al. (2022). The general regression model was specified as;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \dots\dots\dots(1)$$

Where: Y = Dependent variable (Diversity Management); X_1, X_n = Independent variables; β_0 = Intercept; β_1, β_n = Coefficients of the independent variables; ε = Error term

The functional model for this study is represented as;

$$DIV = f(VD, DM, CS, AD) \dots\dots\dots(2)$$

Where: DIV = Diversity Management; VD = Visionary Direction; DM = Decision-Making Effectiveness; CS = Communication Skills; AD = Adaptability

The Explicit Model is represented as;

$$EAR = \beta_0 + \beta_1 VD + \beta_2 DM + \beta_3 CS + \beta_4 AD + \varepsilon \dots\dots\dots(3)$$

RESULT AND FINDINGS

Table 1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
DIV	410	1.00	5.00	3.5899	1.17489
VD	410	1.00	5.00	3.5832	1.17825
DM	410	1.00	5.00	3.5782	1.11699
CS	410	1.00	5.00	3.5378	1.15024
AD	410	1.00	5.00	3.5513	1.11704
Valid N (listwise)	410				

SOURCE: SPSS, 2025

FINDINGS AND DISCUSSIONS

The population and sample of this study comprised 425 staff members of the Federal Inland Revenue Service (FIRS) in Abuja. Out of the sample of four hundred and twenty-five (425), four hundred and ten (410) copies of questionnaire were retrieved and used for data analysis.

The descriptive statistics in Table 1 summarize the central tendencies and variability of the key study variables Diversity Management (DIV), Visionary Direction (VD), Decision, Making Effectiveness (DM), Communication Skills (CS), Adaptability (AD) each measured on a Likert scale from 1 to 5. With a total sample size of 410, the means for these variables range from approximately 3.5378 to 3.5899, while the standard deviations are relatively similar, ranging from 1.11699 to 1.17825. These findings suggest that respondents generally report moderate levels across the examined dimensions, with limited variability, which supports the reliability of the measurement instrument. The implications of these descriptive results are significant for subsequent analyses. Similarly, mean values indicate a consistent baseline across the constructs, which may reflect a balanced perception of the Strategic leadership attributes and Diversity Management among the participants. This uniformity in responses enhances the validity of using these variables in further inferential statistical tests, such as correlation and regression analyses. The relatively narrow spread also implies that the data meets assumptions for parametric testing, thereby providing a robust foundation for exploring the relationships among these critical aspects of strategic leadership attributes and Diversity Management in FIRS Abuja.

Table 2 Correlations

		DIV	VD	DM	CS	AD
DIV	Pearson Correlation	1	.674**	.486**	.466**	.330**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	410	410	410	410	410
VD	Pearson Correlation	.674**	1	.473**	.587**	.422**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	410	410	410	410	410
DM	Pearson Correlation	.486**	.473**	1	.459**	.450**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	410	410	410	410	410
CS	Pearson Correlation	.466**	.587**	.459**	1	.694**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	410	410	410	410	410
AD	Pearson Correlation	.330**	.422**	.450**	.694**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	410	410	410	410	410

**. Correlation is significant at the 0.01 level (2-tailed).

SOURCE: SPSS, 2025

Table 2 presents Pearson correlation coefficients among the primary variables. The results reveal strong, statistically significant relationships at the 0.01 level between DIV and VD ($r = .674$), as well as moderate to strong associations between DIV and other predictors such as DM ($r = .486$), CS ($r = .466$), and AD ($r = .330$). Additionally, notable inter-correlations exist among the predictors themselves suggesting that these dimensions are interrelated within the organisational context. The implications of these correlation findings are profound. The strong positive correlation between VD and DIV suggests that efficient task allocation is critical for enhancing organizational change. Moreover, the significant associations among all predictors indicate that improvements in one area may concurrently influence other factors, thereby reinforcing the overall impact of Strategic leadership attributes on diversity management in FIRS Abuja.

Table 3 Model Summary^b

Model	R	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Sig. Change	F	Durbin-Watson
				Change	Change	df1	df2			
1	.703 ^a	.694	.83871	.694	143.909	4	590	.000		1.833

a. Predictors: (Constant), VD, DM, CS, AD

b. Dependent Variable: DIV

SOURCE: SPSS, 2025

The model summary in Table 3 indicates that the multiple regression model explains a substantial 69.4% of the variance in EAR ($R^2 = .694$, Adjusted $R^2 = .690$). This high coefficient of determination suggests that the predictors Visionary Direction (VD), Decision, Making Effectiveness (DM), Communication Skills (CS) and Adaptability (AD) collectively provide a robust explanation of variations in Diversity Management (DIV). The standard error of the estimate is relatively low (0.83871), which indicates that the model's predictions are close to the observed values. Additionally, the Durbin-Watson statistic of 1.833 falls within an acceptable range, suggesting that there is no significant autocorrelation in the residuals.

Table 4 ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	404.917	4	101.229	143.909	.000 ^b
Residual	415.022	590	.703		
Total	819.939	594			

a. Dependent Variable: DIV

b. Predictors: (Constant), VD, DM, CS, AD

SOURCE: SPSS, 2025

Table 4 details the ANOVA results for the regression model, which tests the overall significance of the predictors in explaining DIV. The regression sum of squares is 404.917 with 4 degrees of freedom, while the residual sum of squares is 415.022 with 590 degrees of freedom, yielding a

total sum of squares of 819.939. The F-value of 143.909 is highly significant ($p < .001$), confirming that the regression model is statistically significant and that the predictors, as a group, have a meaningful impact on Diversity Management.

Table 4 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	.731	.141			5.197	.000
VD	.544	.038	.546		14.464	.000
DM	.225	.037	.214		6.089	.000
CS	.089	.047	.087		1.903	.058
AD	.059	.044	.056		1.357	.175

a. Dependent Variable: DIV

SOURCE: SPSS, 2025

Table 4 presents the regression coefficients, both unstandardized and standardized, for the predictors of Diversity Management. Notably, VD has the highest standardized coefficient (Beta = .546, B = .544, $p < .001$), indicating its strong positive influence on EAR. DM also demonstrates a significant positive impact (Beta = .214, B = .225, $p < .001$). In contrast, CS and AD exhibit smaller effects (Beta = .087 and .056, respectively) with p-values of .058 and .175, suggesting that their contributions to the model are less pronounced and not statistically significant at the 0.05 level.

DISCUSSION OF FINDINGS

The regression analysis results in Table 4 provide compelling evidence regarding the impact of key Strategic leadership attributes and Diversity Management within FIRS in Abuja. Specifically, Visionary Direction (VD), Decision Making Effectiveness (DM) emerged as statistically significant predictors of DIV, with coefficients of 0.544 ($p < .001$) and 0.225 ($p < .001$), respectively. These findings are well aligned with the findings Cao & Le (2023), which emphasizes the importance of empowering employees through Visionary Direction and Decision Making Effectiveness. A one-unit increase in VD, for example, is associated with a corresponding increase of 0.544 units in Diversity Management, suggesting that they substantially enhance employees' ability to perform. Similarly, the positive effect of Decision Making Effectiveness indicates that personalised guidance and professional development contribute meaningfully to Diversity Management. These significant findings support empirical evidence from previous studies that have underscored the critical role of Visionary Direction and Decision Making Effectiveness in enhancing organisational performance (Bah, Sun, Hange & Edjoukou, 2024). In contrast, the quality of CS and AD did not exhibit statistically significant effects on Diversity Management, with coefficients of 0.089 ($p = 0.058$) and 0.059 ($p = 0.175$), respectively. Although both variables display a positive relationship with Diversity Management, their lack of statistical significance suggests that, within the context of this study, improvements in CS and AD may not currently be

the primary drivers of Diversity Management. This finding is somewhat unexpected, given that transformational leadership theory posits that clear communication and intellectual stimulation are essential for aligning employee efforts with organisational vision (Wang et al., 2024; Osei et al., 2023).

CONCLUSION AND RECOMMENDATIONS

The study has demonstrated that Strategic leadership attributes significantly influence Diversity Management in FIRS in Abuja. The empirical findings indicate that Visionary Direction and Decision-Making Effectiveness are critical components that substantially enhance Diversity Management. Conversely, Communication Skills and Adaptability exhibited positive relationships with Diversity Management, their effects were not statistically significant in the current model, suggesting that their influence may be moderated by contextual or structural factors inherent in FIRS Abuja. Based on the study's objectives and findings, the following recommendations are proposed: FIRS should implement structured Visionary Direction training programmes for supervisors. It should also establish formal Decision Making Effectiveness frameworks that provide ongoing guidance and support to employees. Such initiatives should include clear mentor-mentee matching criteria, regular training for mentors, and periodic evaluations of the mentoring process. FIRS should nevertheless invest in robust communication strategies. This may involve the use of regular briefings, transparent feedback channels, and digital platforms that ensure timely dissemination of information. FIRS are encouraged to cultivate an adaptability-friendly culture. Organisations should introduce initiatives such as innovation workshops, suggestion schemes, and incentive programmes that encourage creative thinking and problem-solving.

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