





THE IMPORTANCE OF HRM PRACTICES FOR FOSTERING CREATIVITY DEVELOPMENT IN IT ORGANIZATIONS

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Abstract:

Over the past twenty years, there has been a significant increase in the focus on creativity, driven by major changes in the business environment, such as heightened global market competition. This has consequently contributed to ever-increasing job complexity and workforce mobility. Information technology (IT) represents the fastest-growing sector, relying on the creativity and innovation of employees. Organizations are increasingly turning to the Human Resource Management (HRM) function in search of answers on how to foster both individual and organizational creativity. It is therefore crucial not only to identify creative employees but also to establish conditions that foster organizational creativity, with the HRM function playing a pivotal role.

Keywords:

individual and organizational creativity, HRM practices, IT organizations.

1. INTRODUCTION

Knowledge and creativity have always played an important role in the economy. What is important nowadays is the way creativity and economy are combined to create added value. In the world of rapid technological and social changes, creativity goes beyond culture and art; it becomes a skill. This skill is essential to express ourselves, respond to changes, face the unknown, solve problems, and contribute to societal development (Csikszentmihalyi, 1996; Amabile, 1998; Robinson, 2001; Florida, 2002; Sawyer, 2012).

According to Howkins (2001), there are two types of creativity: one related to self-actualization of an individual and the other to a product. The first is a universal characteristic of humanity and is present in all societies and cultures. The second is more prevalent in industrial societies, which place greater value on novelty, scientific and technological innovations, and subsequently intellectual property rights.

With the changes brought about by the new Industrial Revolution 4.0, characterized by the integration of advanced technologies such as the Internet of Things (IoT), artificial intelligence (AI), and robotics into production processes (Schwab, 2016), the IT sector has become an integral part of the economy and society. Business success is increasingly driven by the organizational ability to respond, meeting needs and challenges and seeking human capital with knowledge, creative skills, and intrinsic motivation. In today's highly competitive environment, this quest represents one of the biggest challenges for organizations (Hamel, 2007).

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To cope with the challenges posed by the new business environment, organizations pay special attention to the HRM function that manages the process of staffing, developing, evaluating, and retaining human capital, which should achieve the organization's goals and contribute to its competitive advantage (Armstrong, 2009). Hence, the role and significance of HRM in today's business environment, particularly in fostering creativity at both individual and organizational levels cannot be underestimated (Amabile, 1996).

2. ORGANIZATIONAL CREATIVITY

Organizational creativity is undeniably one of the most critical factors in cultivating innovation within a business environment. This significance is rooted in the fundamental criterion that defines creative ideas—they must possess the attributes of novelty, originality, and practicality (Barron and Harrington, 1981). It is worth emphasizing that these qualities require validation from the external world because an idea that might appear novel and useful to an individual, not necessarily resonate with the broader context.

Consequently, the organizations in which creative professionals are empowered and supported play a pivotal role in nurturing creativity. Beyond the validation of creative concepts, these organizations can actively foster both individual and group creativity. This can be accomplished by establishing a secure environment conducive to experimentation, grant employees the autonomy to act, provide unwavering support from supervisors and work groups, and cultivate a culture centred on shared vision, collaborative interactions, constructive feedback, and equitable evaluation and recognition. Additionally, organizations serve as reservoirs of valuable data, information, knowledge, and wisdom. Through these efforts, organizations can effectively tap into intrinsic motivation. Research by Amabile (1998) suggests that motivation for creativity can be stimulated through six categories of management practices: challenge, freedom, resources, characteristics of work groups, supervisor support, and organizational support.

Furthermore, organizations assume a crucial role in ensuring the availability of sufficient resources and applying the appropriate pressure when necessary. Regarding resource limitations, it's not solely about the factual availability but also the perceived adequacy of resources. A similar situation arises with pressure: when it stems from a sense of urgency or intellectual curiosity, as suggested by Amabile (1988), it can be perceived as having a positive impact on creativity.

HRM PRACTICIES FOR FOSTERING CREATIVITY

Indicators of organizational creativity represent the quality and quantity of new ideas, the degree of innovativeness, the development of systems supporting creativity, collaborative and communicative practices, as well as leadership support (Woodman et al., 1993). By implementing contemporary HRM practices, it is possible to influence the development of individual and organizational creativity (Amabile, 1996; Hamel, 2007).

HRM practices refer to organizational activities managing the pool of human resources and ensuring that these resources are employed towards the fulfilment of organizational goals. One of the lingering questions in HRM research is whether there is a single set of policies or practices that represents a "universally superior approach to managing people" (Chandler and McEvoy, 2000).

The internal environment of organizations strongly affects their HRM practices. The key internal factors are top management, business strategy, organizational culture, organizational structure and size, knowledge management, and HR policies. However, one of the most important factors is the top management. If top managers are transformational leaders and they demonstrate inspirational motivation, intellectual stimulation of others, individual consideration, and idealized influence, they can surely improve the creativity of employees in the organization (Zhang & Bartol, 2010).

Business leaders are responsible for creating a business strategy that prioritizes innovation to keep the organization competitive in the market. If they involve HRM in strategy development, then HRM practices should align with organizational goals and priorities (Gumusluoglu & Ilsev, 2009). They can facilitate desired organizational culture and thus influence the level of creativity in the organization by supporting experimentation, cooperation, risk-taking (Amabile, 1988; 1996), while promoting innovative thinking and diversity to develop abilities to overlook situations and solutions from different perspectives (De Jong & Den Hartog, 2007).

By building a creative organizational culture, HRM practices have an impact on creative skills development and provide a secure environment for fostering creativity of employees (Florida, 2002; Amabile & Kramer, 2011). Organizational design is one of practices that, through building an organizational structure, can promote cooperation between different teams and decrease bureaucratic barriers that have negative impact on creativity (Perry-Smith & Mannucci, 2017). Organizations that support teamwork and cooperation between employees can improve their ability to generate and develop creative ideas (Amabile, 1998; Sawyer, 2007).



According to McPherson (2008), there are many small organizations that do not institute formal HRM practices, whereas in large organizations, sometimes for each function, there is a need for a different HR departments (Jackson et al., 1989). Formal HRM practices essentially help to maintain consistency in all HRM functions. For instance, HRM practices that focus on knowledge management facilitate ideas and knowledge exchange among employees (Bock & Kim, 2002), and organize online forums and brainstorming workshops for new idea generations (De Jong & Den Hartog, 2007).

CASE STUDY: ROLE OF HRM IN FOSTERING CREATIVITY DEVELOPMENT IN IT ORGANIZATIONS

Subject of this research is an IT organization of middle size, which employs 51 to 100 employees. The company declares itself as high-technological with domestic and foreign capital. The majority of its operations are present in Serbian market; at the same time, it has a significant presence on the global market. Due to a rapid digitalization of economy and society, the company is getting more requirements to provide creative solutions in order to support integration of existing into new systems that require digitalisation of business operations and to provide the adequate employees with knowledge about current and new operating systems. The pressure on team in Serbia is coming from global market initiatives, where rapid technological upturn led by AI engage all available resources to keep the pace with ever-changing market expectations.

HRM function is actively involved in all the activities related to organizational culture and people processes. One of the main challenges is to detect and attract the appropriate number and quality of employees, due to high competitiveness at the Serbian labour market. Besides company owners, HRM function is one of strategic business partners, while under the constant pressure from stakeholders represented by business leaders, employees, labour market and business clients.

In order to overcome these challenges and understand and identify key areas of future focus, organization decides to carry out research related to the role of HRM in fostering creativity development. Anonymity of organization was a prerequisite to publish this research due to the highly competitive nature of business market.

4.1. METHODOLOGY

For the purpose of this qualitative research, an online questionnaire was used as the instrument for data collection. Thirteen out of fifteen invited employees from both the Research and Development and HRM departments have participated. Participants were randomly selected for this research.

The questionnaire consists of 34 questions, including 27 open-ended and seven closed questions. The closed questions require answers on a five-level Likert scale, where "1" represents the lowest rating and "5" the highest. This scale allowed for the differentiation of opinions. The questionnaire is divided into two parts. The first part focuses on collecting basic information about the participants that was used to understand their individual perspectives. This information was related with the responses from the second part of the questionnaire to identify any mutual relationship and/or trends. Hence, the aim of this research is to comprehend the importance of creativity in the IT organization, and the role of HRM practices in fostering creativity from the employees' perspective.

4.2. RESEARCH RESULTS AND DISCUSSION

To comprehend the role of the HRM function in fostering the development of creativity, we examine the research findings in conjunction with pertinent HRM practices and delve into their contributions. Subtitles stated below (i.e. "main categories") are based on the most prevalent comments from participants, including proposed HRM practices (i.e. "subcategories"), which are presented in Table 1.

When expressing views on the significance of creativity within the organization, participants underscored their full awareness of creativity as a direct contributor to the organization's competitive advantage. They claimed that creativity serves as a catalyst for initiating change as a prerequisite for innovation and empowers the company to respond effectively to market needs.

Consequently, the role of HRM in fostering creativity was deemed pivotal. HRM activities can attract and recruit creative employees, establish an environment conducive to creativity development at both the individual and group levels, and influence employee retention that reinforces the competitive advantage. Indeed, it was claimed that creativity indicators within the organization encompass various aspects: the quality and quantity of new ideas, the degree of innovativeness, the development of systems supporting creativity, collaborative and communicative practices, and leadership support (Woodman, et al., 1993).

4.2.1. Strategic Orientation

Participants acknowledged the necessity for HRM to adopt a strategic orientation, so as to align itself with contemporary trends and competitive dynamics, as indicated by Gumusluoglu and Ilsev (2009). HRM is thus expected to shape the organizational culture and impact the climate for creativity development (Florida, 2002; Amabile and Kramer, 2011), through an approach that encompasses both individual and organizational facets. This approach aligns with the component model for individual creativity (Amabile, 1997), and organizational creativity development (Amabile, Burnside, and Gryskiewicz, 1995).

4.2.2. Fostering Individual and Group Creativity

The significance of expertise, knowledge, and motivation was emphasized by participants, as some of these elements constitute two out of three major components of individual creativity (Amabile, 1997). They even anticipate HRM to recruit candidates who are not only knowledgeable but are motivated.

Although not explicitly stated, the acquisition of knowledge, expertise, and motivation can result from hiring candidates with diverse knowledge and skills. This was implied by participants' statements regarding knowledge sharing within multifunctional project teams. Thus, HRM's role extends to involving supervisors and subject matter experts in defining a) level of competencies required for recruitment, b) revisiting these requirements periodically based on business needs, and c) conducting regular reviews (SHRM, 2013). By recruiting candidates with diverse knowledge and skills, HRM not only fosters an environment for creativity development but encourages flexibility, openness, adaptability, originality, and the generation of a greater number of novel solutions that contribute to the success of teams and organizations in meeting market demands (The New York Times, 2014). Expectations concerning knowledge and motivation also extend to team members, as participants anticipate them to be adequately prepared and informed before meetings, enabling their active and meaningful participation.

4.2.3. Facilitating Supervisor Support for Knowledge Sharing within the Organization

According to the participants, the expectation of knowledge extends not only to colleagues but also to mentors and supervisors to facilitate participation in discussions regarding emerging knowledge and trends. This underscores the significance of supervisor support in creating an environment conducive to organizational creativity (Amabile, Burnside, and Gryskiewicz, 1995). HRM role in supporting workgroups includes establishing conditions for collaboration and knowledge exchange (Bock & Kim, 2002).

4.2.4. Facilitating Supervisor Support for Knowledge Sharing Outside the Organization

Participants highlighted the importance of knowledge sharing that extends beyond their organization, which encompasses learning and support groups outside the organization. This reflects an awareness of the significance of safeguarding proprietary information while assuming responsibility for sharing pertinent knowledge beyond the organizational boundaries. HRM role in facilitating knowledge sharing beyond the organization entails shaping an organizational culture that champions creativity. This can be achieved by fostering formal knowledge and experience sharing through participation in conferences, forums (De Jong & Den Hartog, 2007), seminars, lectures, workshops (Amabile & Khaire, 2008), and transparent communication with employees regarding the delineation of business secrets and the protocols for sharing information externally. These efforts should be reinforced through training, ethical workshops (Chang, Gong, & Shum, 2011), and administrative measures in the form of procedures designed to raise employee awareness and facilitate knowledge dissemination.

4.2.5. The Significance of Training and Development

Participants also highlighted the importance of creative skills such as problem-solving, adaptability, change management, critical thinking, flexibility, agility, resource-fulness, non-standard thinking, leadership and communication skills, and emotional intelligence. In addition to recruiting candidates with these skills, HRM is expected to create an environment conducive to its development. This should align with participants' expectations, as HRM should organize training and workshops aimed at nurturing these skills (Amabile & Khaire, 2008; Gumusluoglu & Ilsev, 2009) and allocate time for employees to acquire and apply the required skills.

Participants emphasized the need for dedicated time for ideation and the presence of knowledgeable and motivated conversation partners who are open to communication and willing to constructively challenge the proposed solutions. HRM is expected to foster the atmosphere of trust by promoting collaboration and teamwork, improving communication skills, offering coaching, mentoring, and counselling.

4.2.6. Setting Clear Expectations and System of Compensation and Rewards

Participants highlighted the importance of clear expectations and the establishment of a system of salaries, rewards, and recognition to incentivize creativity and innovation. HRM's role in articulating clear expectations



encompasses the establishment, organization, facilitation, evaluation, and monitoring of goal setting at both organizational and individual levels. This can be accomplished by implementing a prudent performance management system (Armstrong, 2009). Performance appraisals serve as a mechanism for acknowledging and rewarding creative contributions, thus motivating employees to engage in more creative endeavours (Oldham & Cummings, 1996). To evaluate the performance of creative work effectively, it is essential to possess an understanding of how to measure creativity at the individual level, product creativity, the creative process, and creative solutions (Rhodes, 1961). Consequently, HRM's role encompasses acquiring an understanding of these measurement techniques and applying the appropriate methodologies.

The establishment of a compensation and reward system to encourage creativity and innovation involves linking awards to the successful implementation of creative ideas (Amabile, 1996). Participants emphatically highlighted the significance of financial and non-financial incentives for stimulating creative work, as they serve to enhance motivation and commitment to creative endeavours. The participants explicitly acknowledged HRM's role in establishing compensation and reward systems.

4.2.7. The Significance of Stimulating Creativity and Overcoming Barriers

HRM's role in stimulating creativity and eliminating barriers to creativity entails the recognition of stimuli, as well as promotion, monitoring, and the implementation of necessary corrections through regular two-way communication of all employees. This underlines the use of communication techniques and methodologies, such as team meetings to facilitate the exchange of new ideas among employees (VanGundi, 1992), group support systems that provide anonymity for participants (Dennis and Valacich, 1993), especially when handling larger groups (Gallupe et al, 1992) and utilizing creative problem-solving techniques (Ozborn 1953). In addition, participants explicitly acknowledged the pivotal role of HRM in terms of barrier removal, which Davis (1999) categorizes as learning and habits, rules and traditions, perceptual, cultural, and emotional barriers.

Table 1. Categories of HRM practices for fostering creativity in IT organization.

Main categories	Sub-categories
1. Strategic Orientation	 Understand business specifics and needs Build and promote creative organizational culture Monitor the labour market Align HR processes with contemporary trends and competitive dynamics
2. Fostering Individual and Group Creativity	 Hire for diverse knowledge, creative skills, and intrinsic motivation Design jobs together with subject matter experts Conduct regular job description reviews Organize individual and group workshops
3. Facilitating Supervisor Support for Knowledge Sharing within the Organization	Introduce coaching and mentoring Introduce knowledge sharing
4. Facilitating Supervisor Support for Knowledge Sharing Outside the Organization	• Foster formal knowledge and experience sharing through participation in conferences, forums, seminars, lectures, and workshops outside the organization
5. The significance of Training and Development	 Organize training for fostering creative skills Allocate time for acquiring and applying required skills Organize leadership training Introduce Career development
6. Setting Clear Expectations and System of Compensation and Rewards	 Introduce Performance Appraisal System Organize goal settings and applying appropriate methodologies workshops Introduce Compensation and Benefits System
7. The Significance of Stimulating Creativity and Overcoming Barriers	 Introduce individual and group approach for overcoming barriers by monitoring, identifying, and organizing supporting activities Stimulating creativity through promotion, monitoring, and implementation of activities on individual and group level

5. CONCLUSION

The study has shown that HRM plays a pivotal role in fostering creativity in an IT organization. This role is complex because it involves supplying the organization with the most important asset, human capital (Boljanović et al, 2023) that proves necessary for survival in the highly competitive IT sector, the fastest-growing industry worldwide. In addition to human resources supply, the role of HRM is reflected in creating conditions for work, development, and self-actualization of employees, which consequently provide results that create a competitive advantage. Due to the war for talent that is particularly pronounced in the mentioned sector, retaining high-quality individuals becomes a challenge that organizations address by seeking solutions from HRM.

Theoretical research (Amabile & Khaire, 2008; Noumair & Kite, 2010; Piorkowska, & Zolnierczyk-Zreda, 2018) and the results of the case study presented in this paper indicate HRM strategic role in IT organizations. Since a large number of these organizations operate in the global market, the challenge is even greater because the business needs are complex while changes are continuous. HR professionals are expected to have full professional expertise, practical business acumen, and a high level of creativity to facilitate new and original solutions that should meet individual and organizational needs.

Presented research involves a fairly homogeneous group in terms of education, age, and job similarity. The differences were observed in terms of participants' needs and expectations. Contemporary organizations should foster a culture of diversity and inclusion to develop creativity and consequently, innovation. Hence, one solution is not always suitable for all employees, nor all the situations require the same HRM intervention. However, all solutions and activities related to the role of HRM in fostering creativity can be categorized into one of the modern HRM practices. The difference lies in the implementation of these practices, which is unique to each organization and depends on specific business needs. The success of implementing the proposed solutions also depends on the creativity of HRM professionals and management support.

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