



Role of HR Practices in Fostering Employee Creativity: Mediating Role of Organizational Culture

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ABSTRACT

Purpose – This paper explores the role of human resource (HR) practices in fostering employee creativity, specifically focusing on leadership, motivation, training, and rewards. Although existing literature addresses similar topics globally, a research gap is evident in the context of Nepal, where cultural, social, and economic factors may influence how HR practices interact with organizational culture to foster creativity.

Aims(s) – The primary aim of this paper is to assess the role of HR practices in encouraging employee creativity. Additionally, the paper aims to analyse whether organizational culture mediates the relationship between HR practices and employee creativity.

Design/methodology/approach – This study uses a quantitative research approach, collecting data from 131 employees across various organizations in Nepal through a structured questionnaire. Data was analysed using SMART PLS software to examine relationships between the variables.

Findings – It was found that in order to encourage employees' creativity at work, the right kind of leadership, encouragement, and rewards should be given to them. However, training does not seem to have a significant relation in fostering employee creativity. Similarly, creativity of employee is not mediated by organizational culture. By understanding the factors that helps to foster the employee's creativity in work, it is possible to develop more innovative and new ideas to perform the work.

Limitations of the study – The study focuses only on select HR practices and is limited by a small sample size of 131 respondents, primarily from Kathmandu Valley. Additionally, the gender imbalance (74.81% male) may limit the generalizability of the findings. Future research should include a more diverse and balanced sample to enhance the understanding of HR practices' impact on employee creativity.

Originality/value – This study provides novel insights into the HR-creativity relationship within the unique cultural and economic context of Nepal, offering value to HR practitioners and scholars interested in enhancing employee creativity in developing countries.

KEY WORDS

HR practices, creativity, innovation, leadership, training, motivation, rewards

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1 INTRODUCTION

The growth of competition in today's business world has created huge challenges for organizations. Companies should concentrate on utilizing their current competencies or creating new ones to get a competitive advantage (Friesenbichler & Reinstaller, 2021). Gaining a competitive edge and promoting organizational survival both depend on creativity and innovation. (Zhou & Shalley, 2004; Anderson et al., 2004). The lack of attention on creativity may prevent organizations from competing and surviving for very long, especially in developing nations (Chiang et al., 2014). Creativity has emerged as a critical element that should be successfully implemented into the business structure for the organization to compete in today's global business environment. (Bicen et al., 2014). One of the major strategies in management for today's new knowledge-based economic era is the management of employee creativity.

Through innovation, employee creativity can help increase the overall performance of the organization. Certain HR practices that encourage and foster innovative behavior should be developed in order to achieve highly productive working systems. Creativity is the process of expressing unique and valuable idea by individuals (Shalley & Gilson, 2004; Zhang & Bartol, 2010). In order to foster creativity and provide superior results, a company's human resource policies and processes are essential. In order to promote organizational innovation processes, HR Management (HRM) is essential. Since it has an impact on creativity (Jiang et al., 2012), (Li, Zhao & Liu, 2006). Employees develop, communicate and bring ideas to implementation. HR practices helps to foster and shape employees' attitude, behaviors, and their skills, which increases employee engagement and happiness and fosters workplace innovation. These reasons have caused organizational scholars to concentrate on the connection between hiring methods and other employee-related outcomes, like employee creativity. Businesses need to build a culture that encourages innovation and creativity in order to flourish and "to remain externally adaptive" (Schein, 2004). According to Johansson (2004, as cited in Tubagus, 2016), Innovation will flourish when culture and way of thought clash together creating new ideas. The HR policies such as leadership (Gong et al., 2009; Shalley & Gilson 2004), motivation (Arad et al., 1997; Azeem et al. 2019), Training (Basadur et al., 1982) and reward (Malik et al. 2014; Nigusie & Getachew 2019) significantly contributes to encouraging the employee's creativity in an organization. The relationship between employees' motivation and employees creativity is moderated by organizational culture (Hon & Leung, 2011; Rabbani et al., 2014).

Even though Nepal's economy has adopted a policy of open markets and is making an effort to enter into the global market, due to its failure to address human resource development (HRD) and lack of performance management (PM), competitive advantage is hampered (Adhikari, 2010). Rewards, training, capable leadership, and motivating techniques do not effectively promote employee innovation in Nepal.

Despite numerous studies in this topic, the literature currently lacks study in context of Nepalese organizations. It is essential to understand the role of HR practices like leadership, motivation, training and rewards in fostering the creativity among the employees in Nepalese organization. Thus, this study aims to examine the mediating role of organizational culture in developing employee creativity as well as the role of HR practices such leadership, motivation, training, and rewards in fostering creativity among employees in the firm. In order to better understand how HR practices might encourage employee creativity, this study's primary goal is to analyze that role.

Undertaking this research presents a significant chance to explore the relationships among HR policies, employee creativity, and organizational culture. This study aims to bridge a crucial knowledge gap by examining how leadership, motivation, rewards, and training influence employee creativity within the context of organizational culture. However, it only considers some of factors of HR policies. Further study can be done to explore the various other factors effecting the employee creativity in context of Nepalese organizations. Similarly, another limitation of this study is the relatively small sample size, which consists of only 131 respondents primarily from Kathmandu Valley. The gender imbalance, with 74.81% male respondents, further limits the generalizability of the results. A larger, more diverse sample could provide a more comprehensive understanding of the impact of HR practices on creativity. Future studies should strive for gender balance and broader geographical representation.

2 LITERATURE REVIEW

HR practices

According to Lado and Wilson (1994), an HRMS is a collection of discrete but related actions, functions, and procedures that are focused on luring, fostering, and disposing of a company's people resources. As a result, the operations constituting an HRMS are shown to be complementary and integrated, giving the firm a competitive advantage.

Leadership

Yukl (1981) defined leadership as the act of facilitating the collaborative approach of both individuals and groups to reach shared objectives, while also convincing others to grasp and endorse the necessary actions and methods. According to Northouse (2007), Leadership is the process by which one individual influence or convince a group of individuals to achieve a common goal.

Motivation

Cameron and Green (2019) explained motivation as an innate power that provides people the drive to achieve their own and other people's goals. According to Mikkelsen et al. (2015), motivation refers to both internal and external influences which can operate as factor persuading others action.

Training

Fernald et al. (1999) explains that training has not always been regarded as an activity that may assist businesses in creating value and dealing with competitive problems. Rather, it is viewed as an orientation or induction process for newly hired employees in order to familiarize them with the firm's health and safety, fire protocols, and so on, as required by law. The aim of training and development is to create competencies (such as intellectual, human, managerial, and technical ones) for advancing the development of both the individual and the organization.

Reward

Organizations rely on reward systems as an important tool to positively motivate employee interest, enhance productivity, and help achieve organizational goals. Moreover, these systems are seen as valuable tools for employees increase engagement and add meaning to their roles (Puwanenthiren, 2011).

Employee creativity

Amabile et al. (1996) defines creativity as generation of practical and novel ideas for things like services, processes, and procedures. Based on several research, employee creativity is correlated with strong growth demands, strength, and learning orientations (Gong et al., 2009).

Organizational culture

Commonly, normal organizational tasks are represented by organizational culture (Lundy & Cowling, 1996). In an organization, it refers more particularly to the collection of shared beliefs and practices (Deshpandé & Webster, 1989). It can also be used to define the set of beliefs and conduct that employees have adopted within a company (Martins & Terblanche, 2003).

Relationship between HR practices and Employee Creativity

On a local and international level, tremendous efforts are made in the form of legal, research, and public awareness campaigns, but not all businesses fully support and understand HR policies and its impact on creativity of employee. Despite the fact that numerous studies on HR practices have been conducted, researchers could not come to a consensus regarding the relationship between different HR practices and their impact on fostering creativity of employees.

Jaiswal & Dhar (2016) found that HR practices had a positive and significant relationship with employee creativity, indicating that these policies may have a direct effect on creativity of employees in an organization. This study looked at how human resources (HR) practices affected employee's creativity in hotel sector. Therefore, the study found that with effective HR procedures, employees will have a more positive and favorable attitude towards creative activity.

Jiang et al. (2012) on their study of if HRM facilitate employees creativity and organizational innovation in context of Chinese firms found no relationship between training and performance evaluation and employee creativity, but discovered a positive and significant relationship between employee creativity and four major HR practices including rewards, hiring and selection, teamwork and job design. Maharjan (2013) studied on Human resources management practices in Nepal by conducting an empirical study on foreign and Nepali firms. It was found that the HR department, hiring process, pay rates, and evaluation results had a bigger effect compared to the selection process, training program, and performance measurements.

Shin & Zhou (2003) studied on transformational leadership, conservation, and creativity. The study showed a strong correlation between transformative leadership and followers' inventiveness. This study also found a psychological mechanism by which transformative leadership and creativity are connected. Gong et al. (2009) studied on Employee learning orientation, employee creativity and transformational leadership. Employee creative self-efficacy served as a mediating factor. It is shown that, over time, especially in a setting where frequent, sincere contacts between a leader and a subordinate are allowed, transformational leadership is likely to develop individual creativity. The finding of this study is consistent with previous finding of Shin & Zhou (2003). Additionally, genuine and repeated communication between leader and subordinate also help to enhance employee creativity over the period of time. Gumusluoglu & Ilsev (2009) studied on transformational leadership, organizational innovation and creativity. This research explained about how transformational leadership affects employee's creativity at both the personal and professional levels. According to the study, positive and significant

relationship exists between leadership and employee's creativity. Their conclusion is consistent with the findings of Shin & Zhou (2003) and Gong et al., (2009). Similarly, Cheung and Wong (2011) studied on employee creativity, leader support, and innovative management. The study concludes that there is a positive relationship between employees' creativity and transformational leadership. It explains that employee's creativity is stronger when the leader's task and relations support are of higher degree. Shalley and Gilson (2004) explained that leadership is essential in creating an environment in which creative performance can flourish. This was accomplished through looking at the function of leadership and the application of various human resource techniques.

Azeem et al. (2019) studied about the effect of motivation on creativity of employee. The findings of this study demonstrate that an employee's motivation has a positive, considerable impact on their creativity. More specifically, motivated workers displayed productive inventiveness in their work, which improved output. Motivation leads to creativity, which is an individual's individuality and thinker ability recognized by others' emphasis on the product with regard to the various character and outcomes of creative endeavors (Arad et al., 1997). Hierarchical motivation is a critical resource for enhancing creativity. Thus, motivation and creativity are antecedents of organizational and business performance defined as the behavior and outcomes that people participate in to bring about and contribute to organizational and innovation goals (Odesola, 2016).

Beugelsdijk (2008) studied about strategic HR practices and product innovation. The study demonstrated the value of training, performance-based compensation, and autonomy in fostering innovation. The necessity to build and test a model for determining how HR practices affect employee creativity is highlighted by the fact that very few prior research has been done on the relation between organizational creativity and different HR related practices. Williams (2001) on their study Increasing employees' creativity by training their managers, found that a number of training treatments, including creativity training, management training, and managerial behavior, have been demonstrated to be successful in fostering the participants' creativity while looking at ways to increase employee creativity by training their managers. Basadur et al., (1982) studied on role of training in solving the problems creatively and its effect on problem finding and solving in an organization. The study found that providing training to employees in the creative way has a positive impact on their behavior, encouraging them to think creatively in new and diverse ways.

Nigusie & Getachew (2019) studied on the effect of reward system on employees creativity. The performed analysis revealed that nearly 77% of employee's creativity is explained by various rewards provided to them. Additionally, it was discovered that intrinsic rewards influence employee creativity more than extrinsic rewards. Malik et al. (2014) studied on effect of reward on employee creative performance. This study wanted to understand how people stay motivated and creative when they receive rewards for their work. It discovered that when employees feel like they have control over their actions (internal locus of control), rewards don't stifle their creativity; in fact, they can make them more driven to be creative. The study also pointed out that a person's values and how they naturally behave play a big role in how rewards affect their creativity at work, and we should pay more attention to it. Gupta and Singhal (1993) studied on managing human resources for innovation and creativity. The study's goal was to find out how businesses handle their human resources to promote creativity and innovation. In order to comprehend that their most precious resource is their employees, the writer conducted research on successful businesses that use a variety of reward schemes to encourage and promote employee creativity. These businesses make sure that organizational objectives are met by thoroughly examining their personnel needs, employing imaginative people, and giving them the right incentives.

Mediating role of organizational culture on the relationship between HR practices and employees' creativity

Hon & Leung (2011) found that company practices moderate the association between employees' motivation and creativity. The company practices are categorized as cooperative practices, traditional practices and innovative practices. The cooperative practices, traditional practices and innovative practices, moderates the interconnection between the need for affiliation and creativity and the interconnection between the need for affiliation and creativity is also moderated by the need for power. This study demonstrated the importance of a good person-culture fit in predicting employee creativity. Naranjo Valencia et al., (2011) studied on innovation or imitation? The role of organizational culture. The study's major goal was to examine how organizational culture influences organizational innovational and

imitation tactics. Rabbani et al., (2014) studied on Leadership and Creativity: Does Organizational Culture Matter? The key goal of the analysis was to study how corporate culture influences both leadership philosophies and organizational creativity. According to the study, organizational innovation is considerably and advantageously influenced by corporate culture. Organizational culture plays role of mediating factor between transformative leadership and organizational innovation. However, corporate culture is partially mediated and have negative relationship between laissez-faire leadership and organizational innovation.

2.1 THEORETICAL FRAMEWORK

Herzberg theory of motivation

Dartey -Baah and Amoako (2011) referred to Herzberg's two factor theory to assess and understand employee's motivation at workplace. According to the study from the perspective of Ghanaian workers, the motivating element sets the foundation for a re-evaluation of the way in which workers regard the motivating component as being more important than the cleanliness aspect in the workplace.

Transformational leadership theory

According to Korejan and Shahbazi (2016) in their article "An analysis of transformational leadership theory", found that the primary success factor in today's rapidly changing environment is the organizational leadership. Thus, it is increasingly becoming crucial. Therefore, to accomplish the intended results, managers at all levels of the business must work together in addition to top-level managers. According to the study, transformational leadership is used by the executives who seek to develop new perspectives and ideas for the growth and prosperity of an organization. A transformational leadership provides motivation to the managers and inspires them to work harder that they actually could. Thus, it motivates managers to invent and innovate in their workplace.

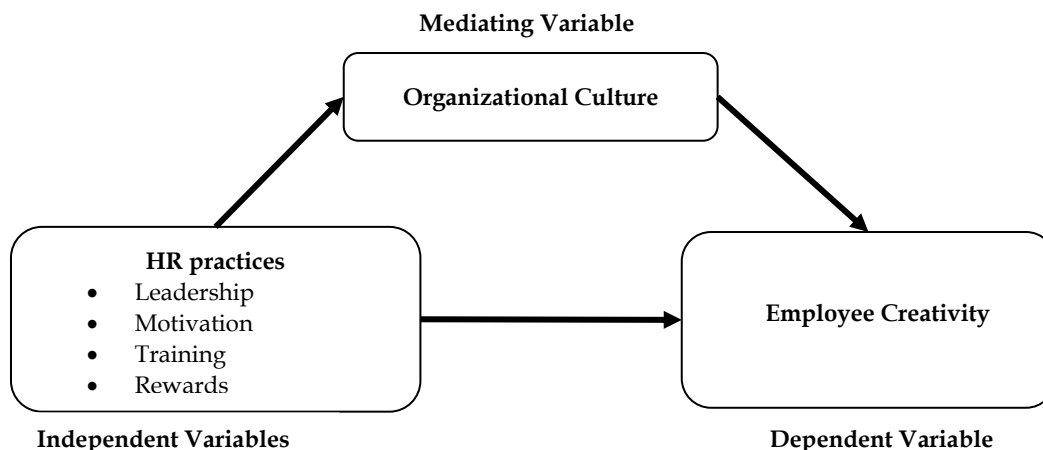
Social learning theory

The social learning theory propounded by Albert Bandura was examined by Mcleod (2023), The theory emphasizes the importance of learning by watching and imitating what others do, how they act, and how they feel. To find out how people learn and behave, hypothesis was considered which found the effect of environmental and cognitive elements. Albert bandura (1977) agrees with the classical conditioning and operant conditioning which are theories of behavioural learning. The study indicates that social learning theory, in which people learn and adopt behaviours through observing others, includes observational learning as a crucial component.

2.2 CONCEPTUAL FRAMEWORK

Employee creativity is taken as an independent variable in this analysis. It is measured by four independent variables: Leadership, Motivation, Training and Rewards. Organizational culture is considered as a mediating factor for our study.

Figure 1. Conceptual Framework



Source: Jiang et al. (2012), Jain and Jain (2016), Hon & Leung (2011)

2.3 HYPOTHESES

H1: Leadership has a positive and significant relationship with employee creativity.

H2: Motivation positively influences employee creativity, especially when employees feel valued and empowered

H3: Training has a positive and significant relationship with employee creativity.

H4: Reward systems that provide personal recognition increase employee creativity.

H5: Organizational culture mediates the relationship between leadership and employee creativity.

H6: Organizational culture mediates the relationship between motivation and employee creativity.

H7: Organizational culture mediates the relationship between training and employee creativity.

H8: Organizational culture mediates the relationship between reward and employee creativity.

2.4 RESEARCH GAP

The present research endeavors to investigate the role of HR practices in fostering employee creativity with a mediating role of organizational culture within the unique context of Nepal, a setting that has remained relatively underexplored in the existing literature. While a number of studies has been conducted studying the impact of HR practices such as leadership, motivation, rewards, and training, on employee creativity in other countries, there is a noticeable research gap within the Nepalese context. Nepal possesses its distinct cultural, social, and economic characteristics, which can significantly influence the implementation and effectiveness of HR practices and their interaction with organizational culture in stimulating employee creativity. Thus, this study seeks to provide contribution to the existing pool of knowledge by offering valuable insights into the Nepalese perspective, uncovering potentially unique contextual factors, and examining how these HR practices operate within the distinctive cultural and organizational landscape of Nepal. Furthermore, the study integrates the mediating role of organizational culture, aiming to elucidate the mechanisms through which HR practices impact employee creativity. In conclusion, this study bridges a crucial gap in existing literature by exploring HR practices, organizational culture, and employee creativity within the Nepalese context, contributing valuable insights for both academia and HR managers who are implementing the various HR practices in the field.

While this study focuses on Nepal, the socio-cultural conditions observed may also be relevant in other developing countries with similar economic and cultural backgrounds. Countries facing similar organizational challenges in emerging economies can benefit from the findings. Future research may extend this analysis to cross-cultural studies to determine if similar patterns hold across different cultural contexts

3 METHODOLOGIES

This study evaluated the impact of HR policies on employees' creativity. A quantitative research approach has been used to analyze the relationship of HR policies and employee's creativity. The opinions of employees on HR policies like leadership, reward, training and motivation and creativity have been collected. The total population of the study is total employees who are working in various organizations. The total population size is unknown. The sample for this study is employees of various organizations around Kathmandu valley.

For collecting data, structured questionnaires have been distributed through google forms. The questionnaire has two parts. The first section includes necessary demographic information about the respondents such as age, gender, education qualification and number of years working in the organization. The second section includes questions related to HR practices, employee creativity and organization culture. The second part contained Likert scale questions. A5-likert scale questionnaire has been used for the study, which ranges from strongly disagree, to strongly agree, where 1 represent strongly disagree and 5 represent strongly agree. Primary data has been collected distributing a structured questionnaire. For questionnaire, Chahar et al. (2019) and Zhang and Bartol (2010) has been used as a source for employee creativity, leadership and training variables. Khadka (2013) is taken as a source for questionnaire related to reward. Similarly, Altındış (2011) is taken as a source for questionnaire related to motivation. Suvaci (2018) is taken as a source for developing questionnaires related to organizational

culture. The questionnaire was distributed to 131 employees for data collection. The convenience sampling technique has been used for sample selection. The data obtained has been analyzed using SMART-PLS 4.

Construct validity and reliability were examined and validated using Structural Equation Modeling (SEM) in Smart PLS software. Cronbach's alpha and composite reliability calculations were used to test the reliability of internal consistency. To check convergent validity, Average Variance Extracted (AVE) has been calculated. Fornell-Larcker criterion, and HTMT ratio have been calculated to examine discriminant validity. Hypothesis testing and mediating role examination is done with the help of bootstrapping.

4 RESULTS

4.1 PROFILE OF THE RESPONDENTS

Based on their physical, academic, and professional characteristics, respondents are categorized in the following section. The responses from 131 respondents were collected where mostly the respondents were from banking sector followed by insurance, IT, government sectors and so on.

Table 1. Age Profile

Age Group	No. of respondents	Percent
20-24	19	14.62%
25-29	37	28.46%
30-34	66	50.77%
35-39	6	4.62%
40-49	2	1.54%
50 and above	1	0.77%
Total	131	100

Source: own data

Table 1 indicates the respondent's age. This indicates that majority of respondents i.e., 50.77%, fell on 30-34 age group followed by 28.46% of the 25-29 age group. It shows that study findings are dominated by opinion of employees between 30-34 years of age.

Table 2. Gender Profile

Gender	Number of respondents	Percent
Male	98	74.81%
Female	33	25.19%
Total	131	100%

Source: own data

Table 2 represents gender of the respondents. The table indicates a notable gender imbalance within the sample of 131 participants, with males being significantly more represented i.e., 74.81%. Thus, the response generated were dominated by the male respondents.

Table 3. Educational Qualification

Educational Qualification	No. of respondents	Percent
+2	5	3.82%
Bachelor	39	29.77%
Masters	86	65.65%
Ph. D	1	0.76%
Total	131	100

Source: own data

The data in Table 3 illustrates the educational qualifications of 131 respondents. The majority, comprising 65.65%, hold a Master's degree, while 29.77% have completed their Bachelor's. These findings suggest that a significant proportion of the sample has attained postgraduate qualifications. The opinion is dominated by educated employees, so it is assumed that responses as reliable.

Table 4. Years of experience

Years of experience	Number of respondents	Percent
Up to 1 year	27	20.61%
1-3 Years	25	19.08%
3-5 Years	14	10.69%
Above 5 years	65	49.62%
Total	131	100

Source: own data

Table 4 outlines the respondent's distribution of years of experience within the sector mentioned above. A substantial degree of experience is demonstrated by the fact that almost half, or 49.62%, have more than 5 years of experience. 19.08% of the population has 1-3 years of experience, while those with up to 1 year and 3-5 years of experience constitute 20.61% and 10.69% respectively. This information reveals that the survey respondents had a wide range of experience levels.

4.2 MEASUREMENT MODEL

The measurement model, also known as the outer model in PLS-SEM, helps us understand how the concept and indicator variables are related. In this model, we examine three important dimensions: construct reliability, convergent validity, and discriminant validity.

Table 5. Reliability and Convergent validity

Variables	Items	Loadings	Cronbach's Alpha	C.R (rho_a)	C.R (rho_c)	AVE
Employee Creativity	EC1	0.839	0.793	0.807	0.866	0.618
	EC2	0.844				
	EC3	0.685				
	EC4	0.766				
Leadership	L1	0.851	0.792	0.81	0.868	0.625
	L2	0.815				
	L3	0.861				
	L4	0.609				
Motivation	M1	0.879	0.785	0.803	0.861	0.61
	M2	0.730				
	M3	0.803				
	M4	0.700				
Organizational culture	OC1	0.875	0.893	0.897	0.926	0.757
	OC2	0.818				
	OC3	0.899				
	OC4	0.886				
Reward	R1	0.847	0.854	0.857	0.902	0.696
	R2	0.818				
	R3	0.843				
	R4	0.829				
Training	T1	0.796	0.774	0.767	0.856	0.600
	T2	0.818				
	T3	0.642				
	T4	0.827				

Source: own data

Table 6 shows the Cronbach's alpha and composite reliability values of all the variables used in the study. The Cronbach's alpha for employee creativity, leadership, motivation, organizational culture, reward and training are 0.793, 0.792, 0.785, 0.893, 0.854, and 0.774 respectively, which is above 0.7 as suggested by Fornell & Larcker (1981). As a result, the constructs' reliability has been found. The value of AVE is above 0.5 as suggested by Bagozzi and Yi (1998) which results in the convergent validity.

4.3 DISCRIMINANT VALIDITY

The following tests are done to measure the discriminant validity for the model.

Fornell & Larker Criterion

Table 6. Fornell & laker criterion

	EC	L	M	OC	R	T
EC	0.786					
L	0.646	0.791				
M	0.59	0.597	0.781			
OC	-0.118	-0.054	-0.072	0.870		
R	0.695	0.655	0.512	-0.063	0.834	
T	-0.128	-0.14	-0.139	0.685	-0.072	0.775

Source: own data

Table 6 displays the correlation coefficients among various variables, with the diagonal values representing square root of AVE. Specifically, the values 0.786, 0.791, 0.781, 0.870, 0.834, and 0.775 correspond to the square root of AVE for employee creativity, leadership, motivation, organizational culture, reward, and training, respectively. It has been observed that the AVE's square root is greater than corresponding correlation coefficients, thereby meeting the criteria for discriminant validity as suggested by Fornell & Larcker (1981). Additionally, all correlation values are below 0.85, indicating that there is no significant issue of multicollinearity in this study.

HTMT Ratios

Table 7. HTMT ratios

	EC	L	M	OC	R	T
EC						
L	0.816					
M	0.723	0.743				
OC	0.14	0.082	0.107			
R	0.833	0.801	0.622	0.083		
T	0.187	0.201	0.199	0.804	0.09	

Source: own data

Table 7 presents the Heterotrait-Monotrait (HTMT) ratio. The HTMT is one of the methods to check discriminant validity of the data. All the values of HTMT ratios are below 0.9 as suggested by Hair et al. (2019). Therefore, discriminant validity is established.

4.4 HYPOTHESIS TESTING

The model was assessed using the bootstrapping approach with 5000 resamples to evaluate the significance of the path coefficient and verify the validity of the hypotheses.

Figure 2. Bootstrapping results

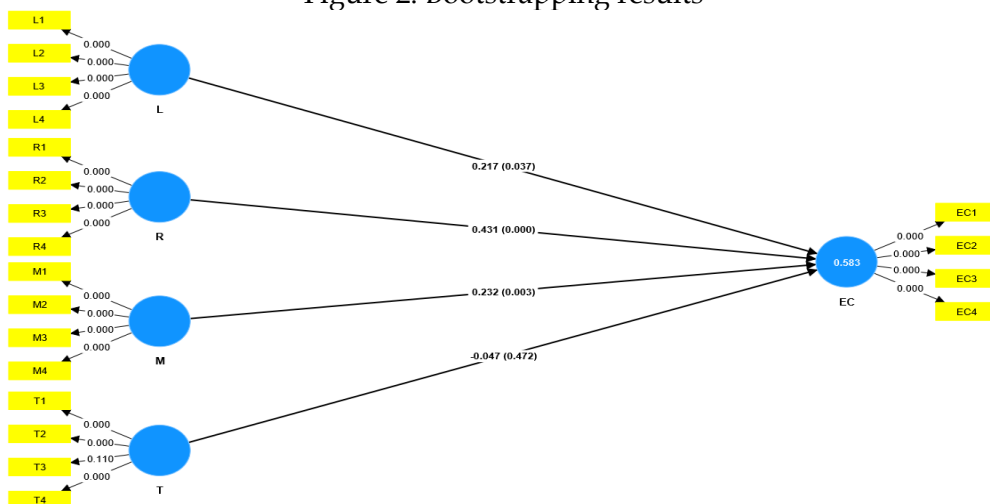


Figure 2 shows the regression coefficients, p-value, and beta coefficients. The value of R square is 0.583. It shows that 58.3 % of total variation in Employee creativity is explained by leadership, reward, motivation and training. 41.7 % of the variation is explained by other factors not mentioned in this study.

Table 8. Hypothesis Testing

	Beta coefficient	STDEV	T statistics	P values
L -> EC	0.217	0.104	2.085	0.037
M -> EC	0.232	0.077	2.997	0.003
R -> EC	0.431	0.078	5.507	0.000
T -> EC	-0.047	0.066	0.719	0.472

- H₁: Leadership have a positive and significant relationship with employee creativity. Table 8 shows that the value of beta is 0.217 and the p-value is less than 0.05. So, hypothesis 1 is accepted.
- H₂: Motivation have a positive and significant relationship with employee creativity. Table 8 shows that the hypothesis 2 is accepted as the value of beta is 0.232 and the p-value is less than 0.05
- H₃: Reward have a positive and significant relationship with employee creativity. Table 8 shows that the value of beta is 0.431 and the p-value is less than 0.05. So, hypothesis 3 is accepted.
- H₄: There is no significant relationship between training and employee creativity Table 8 shows that the hypothesis 4 is rejected as the value of beta is -0.047 and the p-value is greater than 0.05.

4.5 MEDIATING ANALYSIS

Organizational culture was taken as a mediating variable to examine its mediating role between different HR practices and employee’s creativity. The mediating role was examined by using the bootstrapping approach with 5000 resamples to evaluate the mediating effect.

Figure 3. Mediating effect Testing

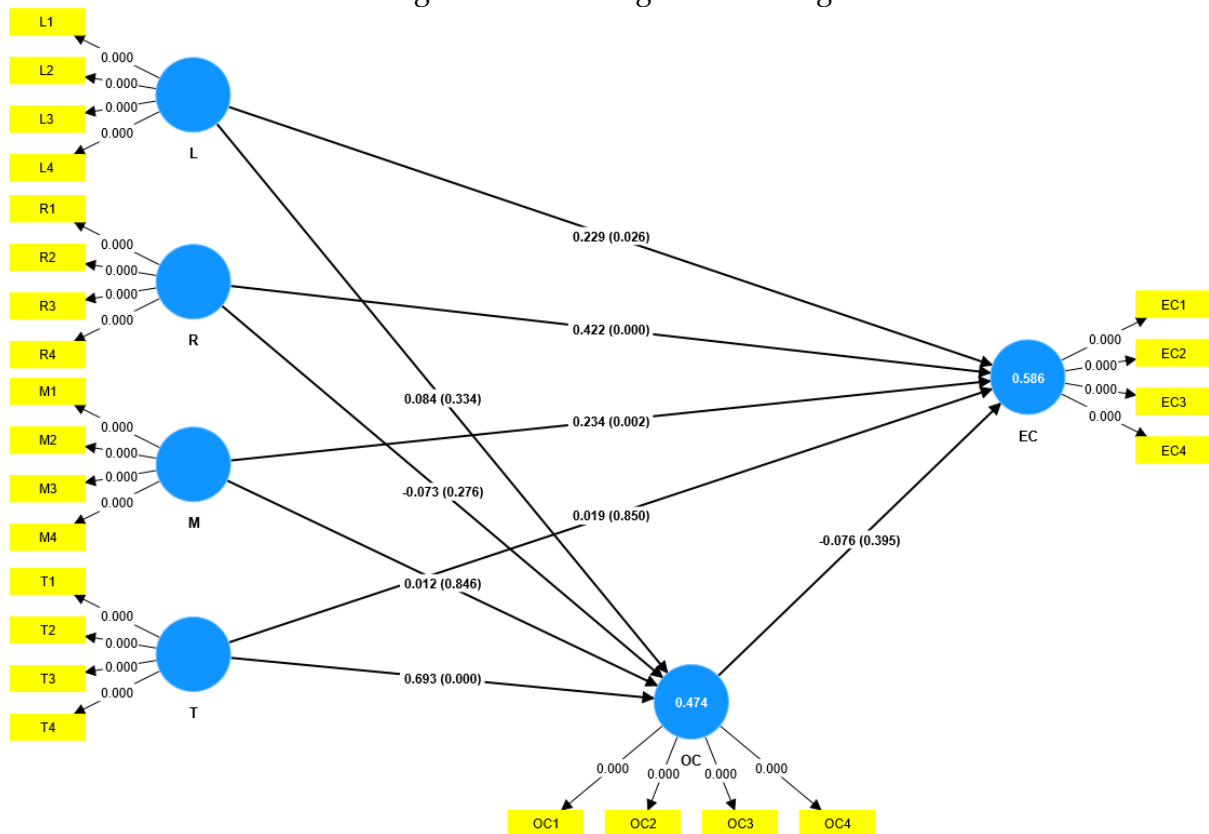


Table 9. Mediating effect Testing

	Beta coefficient	STDEV	T statistics	P values
M -> OC -> EC	-0.001	0.008	0.111	0.912
R -> OC -> EC	0.006	0.008	0.665	0.506
L -> OC -> EC	-0.006	0.01	0.635	0.525
T -> OC -> EC	-0.052	0.071	0.734	0.463

- H₅:** The relationship between leadership and employee creativity is not mediated by organizational culture. Table 9 shows that the p-value is more than 0.05. Thus, organizational culture doesn't have mediating effect between leadership and employee creativity. Thus, hypothesis 5 is rejected.
- H₆:** Organizational culture does not have mediating effect between reward and employee creativity. Table 9 shows that the p-value is more than 0.05. Thus, organizational culture does not have mediating effect between reward and employee's creativity. Thus, Hypothesis 6 is rejected.
- H₇:** Organizational culture does not have mediating effect between motivation and employee creativity. Table 9 shows that the p-value is more than 0.05. Thus, organizational culture does not have mediating effect between motivation and employee creativity. Thus, Hypothesis 7 is rejected.
- H₈:** The relationship between training and employee creativity is not mediated by organizational culture. Table 9 shows that the p-value is more than 0.05. Thus, organizational culture does not have mediating effect between training and employee creativity. Thus, hypothesis 8 is rejected.

5 DISCUSSION

The main objective of this study was to analyze the impact of HR practices on the creativity of employees in an organization. The focus was to examine the effect of HR practices like motivation, rewards, leadership and training on employee creativity of employees working in Nepalese organization. Under HR policies, leadership, motivation, rewards and training were analyzed. The researchers concluded that leadership has a significant and positive relationship with employee's creativity. This finding is consistent with the previous finding of Shalley & Gilson (2004). It explains that leadership is very important because it creates an environment where creativity can grow. Transformational leadership theory explains that effective leadership encourages people to go beyond their comfort zones in the workplace while also coming up with new ideas and innovations. Effective and transformational leadership helps to bring out the creativity of the employee. The employees when provided with proper mentoring and recognition for their job, brings out the creativity in their performance. Motivation also has a positive and significant relationship with employee's creativity and the findings are consistent with Azeem et al. (2019). This study also indicated that motivation helps the employees to work in creative and innovative manner. It explains that motivated workers display productive inventiveness in their work, which improves the output of the organization and brings creativity in their work. Herzberg theory of motivation explains that the motivational factors are important for any employees to make them work and think efficiently. This study also concluded that the relationship between reward and employee creativity are also positive and significant. Our findings are consistent with the findings of Malik et al. (2014). It implies that being rewarded helps to make employees creative and help them to perform their work efficiently.

In case of training, there was an insignificant and negative relationship with employee creativity. It implies that training does not affect the employee's creativity. The result is inconsistent with Beugelsdijk (2008), Williams (2001) and Basadur et al., (1982). The previous studies were done on western countries under different circumstances. The study was more focused on creativity enhancing training and in context of Nepal training are mostly focused on task rather than creativity enhancement. So, this might be the reason for inconsistency in the result.

The other objective of this study was to examine the mediating effect of organizational culture in relation between HR practices and employee creativity. It is found that there is no significant mediating role of organizational culture in relationship between HR practices and employee's creativity in context of Nepalese organizations. The result is inconsistent with Rabbani et al., (2014). There is no significant

effect of organizational culture in link between HR policies and employee creativity in context of Nepal. It might be due to the various difference in cultural aspects of our country. Nepal possesses its distinct cultural, social, and economic characteristics in comparison to the culture and tradition of the region where the previous studies took place. The distinct difference in organizational culture is major reason for the inconsistent in the results.

While this study focuses on Nepal, the socio-cultural conditions observed may also be relevant in other developing countries with similar economic and cultural backgrounds. Nepal possesses unique cultural, social, and economic characteristics that impact how HR practices such as leadership, motivation, training, and rewards are implemented and perceived. However, many of the organizational challenges faced by companies in Nepal, such as resource limitations, lack of infrastructure, and a heavy reliance on hierarchical leadership styles, are also observed in other developing countries.

Nepal's economy, though distinct in its cultural heritage, shares similarities with other emerging economies where traditional management practices still dominate, and modern HR policies are relatively underdeveloped. In many such countries, the integration of innovative HR practices with local cultural values may face similar obstacles. For example, in South Asia, Southeast Asia, and parts of Africa, organizations face challenges with leadership that tends to be more authoritative, where fostering creativity might be constrained by rigid structures.

The findings from this study may apply to regions where these organizational conditions exist. Countries undergoing similar transitions from traditional to modern HR practices can draw valuable insights from this study. Specifically, organizations in developing countries can benefit by recognizing that leadership styles and reward systems that align with local cultural values could be more effective in fostering creativity than simply adopting to western HR models that focus heavily on training. Similarly, Future studies could adopt a cross-cultural research approach, comparing the role of HR practices in fostering creativity in Nepal with those in other developing countries.

6 CONCLUSIONS AND IMPLICATIONS

Employees should be provided with proper leadership, motivation and rewards in order to foster their creativity in the workplace. However, training does not seem to have a significant relation in fostering employee creativity. Creativity mostly comes from within the individual and it cannot be trained. Similarly, creativity of employee is not mediated by organizational culture. It means the organizational culture and its environment does not have significant impact on fostering the creativity of employees in an organization. By understanding the factors that helps foster the employee's creativity in work, it is possible to develop more innovative and new ideas to perform the work. These factors can help the organizations to create the creative working environment and provide various innovative products and services to their customers.

The findings show that leadership, motivation, and rewards boost employee's creativity, providing useful advice for HR professionals. Organizations can introduce transformational leadership programs, motivational initiatives, and performance-based rewards to encourage creativity. Given the insignificant relationship between training and creativity, organizations should revisit the structure of their training programs, ensuring they emphasize creative problem-solving rather than task-specific skills.

Future researchers should focus more on doing this type of study in underdeveloped nations like Nepal to offer more beneficial research-based insights. As this research was based on a single study that looked at few factors that can affect the employee's creativity, further research is required to generalize the findings, and more variables can be added to analyze the factors effecting employee's creativity more precisely. Future research should explore additional variables such as gender diversity, employee retention strategies, and organizational support mechanisms. Broader studies that incorporate larger and more diverse samples across different industries in Nepal could provide deeper insights into the role of HR practices in fostering employee creativity.

Similarly, only 131 employees working in different organization within Kathmandu valley were taken as a sample for this study. But, the incorporation of different employees across different organization throughout the country could have produced more conclusive results. In this study, only the factors like leadership, motivation, rewards and training were used to find the relation with employee's creativity. There are other HR related policies like recruitment process, employee retention, organizational support,

diversity and inclusion etc. along with other factors like availability of resources, incubation center, government support etc. that may contribute to our understanding and open up new research possibilities. Future studies could adopt a cross-cultural research approach, comparing the role of HR practices in fostering creativity in Nepal with those in other developing countries. By examining how different cultural values, organizational structures, and economic conditions mediate the effectiveness of HR practices, such research can help determine whether the patterns observed in Nepal are unique or indicative of broader trends in developing economies.

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Declaration of AI and AI-assisted technologies in the writing process

During the preparation of this work, the author(s) utilized AI tools, including ChatGPT, for assistance with grammar and language refinement. After using these tools, the author(s) thoroughly reviewed and made necessary edits to ensure the accuracy and integrity of the content and take full responsibility for the final version of the publication.