Leveraging Differentiated Human Resource Systems to Foster Workplace Creativity: A Conceptual Framework

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In today’s rapidly evolving business landscape, creativity is a crucial factor in driving success. Numerous studies have looked at the connection between human resource systems and creativity, but they frequently consider workers as a homogeneous group, disregarding the unique differences between individuals in an organization. To address this limitation, we provide a conceptual framework that demonstrates how ‘differentiated’ human resource systems can effectively promote creativity across various hierarchical levels of an organization. This work clarifies the multifaceted nature of human resources’ involvement in nurturing creativity and may pave the way for future research in this field.

Keywords: human resource management, human resource systems, differentiated human resource systems, creativity

INTRODUCTION

In recent years, the business landscape has undergone substantial transformations driven by economic, political, social, and technological changes (Martinaityte et al., 2019). These shifts have created a volatile and intensely competitive market environment (Troise et al., 2022), prompting a growing demand for creative and innovative responses to address the imperatives of adaptability and flexibility in workplaces (Chen et al., 2021). Consequently, strategic human resource management (HRM) researchers have turned their focus towards nurturing employee creativity (e.g., Liu et al., 2017; Zhu & Chen, 2014). The rationale behind this emphasis lies in the belief that creative employees possess a unique blend of skills, knowledge, attitudes, and other attributes (SKAOs) that are pivotal for enhancing organizational performance (Chang et al., 2014; Iqbal, 2018).

Existing literature in strategic HRM suggests two primary avenues for stimulating creativity in the workplace. One approach involves the implementation of specific human resource (HR) practices such as performance-based compensation (Zhang et al., 2015), job autonomy (Zhang et al., 2017), recruitment and selection strategies, reward structures, job design, and teamwork initiatives (Jiang et al., 2012). The second
approach centres on the use of ‘bundles’ or ‘synergies’ of HR practices, commonly referred to as HR systems (MacDuffie, 1995) such as high-performance work systems (HPWS) (e.g., Al-Ajlouni, 2021; Chen et al., 2021; Zhu & Chen, 2014) and high-involvement work systems (HIWS) (Shin et al., 2018; Song et al., 2020). While these approaches offer insights into harnessing workplace creativity (Gong et al., 2009), they fall short of providing a comprehensive understanding of how HR systems impact creativity. This limitation is exacerbated by the fact that organizations comprise diverse employee profiles (Collings et al., 2021). A uniform application of HR practices across this diversity may lead to suboptimal outcomes, as individuals expect recognition for their distinct competencies and contributions (Bal & Dorenbosch, 2015; Malik et al., 2022). Thus, adopting differentiated HR systems capable of accommodating employee variations in characteristics, needs, and contributions becomes pivotal in influencing work-related outcomes (Malik et al., 2022; Marescaux et al., 2021), such as creativity. Despite its importance, there has been surprisingly little research into the area of HR differentiation and its influence on creativity. Hence, we contend that exploring how these unique sets of HR practices, known as ‘differentiated’ HR systems, can be harnessed to foster creativity is essential for a comprehensive understanding of how HR systems influence creativity. This knowledge equips organizations and managers to effectively boost workplace creativity and navigate the complexities of the business environment.

Addressing the dearth of consensus on the definition of HR differentiation (Cf., Marescaux et al., 2021), we conjecture that differentiated HR systems may influence workplace creativity contingent on the locus of differentiation. Two primary approaches have emerged in understanding this locus: the job-based and person-based approaches (Cappelli & Keller, 2014; Marescaux et al., 2021). The job-based approach posits that differentiation hinges on how firms segment employees based on job requirements, tailoring HR practices and benefits to each workforce segment (Becker & Huselid, 2006; Krausert, 2017). For these group of scholars, identifying strategic or pivotal roles and aligning HR practices accordingly is critical for organizational success (Cf., Boudreau & Ramstad, 2005; Collings & Mellahi, 2009; Vaiman et al., 2021). Conversely, proponents of the person-based approach contend that differentiation centres on evaluating employee attributes or characteristics, such as age, (Kollmann et al., 2020), education (Lin et al., 2014), diversity (Roberson, 2019), human capital value and uniqueness (Lepak & Snell, 1999, 2002), talent (Dries, 2013; Gelens et al., 2015) and potential (Gelens et al., 2014). This latter viewpoint is also common in the ‘war for talent’ literature, where talent is considered an intrinsic quality of individuals (Beechler & Woodward, 2009; Chambers et al., 1998) and ‘i-deals’ literature, where employees bargain specific employment terms with their employers (Rousseau, 2005; Rousseau et al., 2006). Notably, the HR architecture framework (Lepak & Snell, 1999, 2002) remains a prominent model for understanding how varied investments in workers who possess valuable and distinctive human capital can yield competitive advantages (Cappelli & Keller, 2014). While this framework has offered prescriptive guidance on leveraging human capital value and uniqueness to enhance firm performance (Hauff et al., 2014; Schmidt et al., 2018), it has been underexplored in terms of its influence on creativity.

Therefore, this conceptual paper aims to present a model that describes how differentiated HR systems may foster creativity at various levels of analysis. Since creativity originates from individuals (Bavik & Kuo, 2022; Cai et al., 2020), our study focuses on the person-based approach to HR differentiation, specifically the HR architecture model. Recognizing the need to manage different employees and employee groups with tailored HR configurations (Lepak & Snell, 1999, 2002), we ground our study in configurational theory. This theory emphasizes the importance of adapting HR practices to the organization’s specific needs and objectives while considering contextual and organizational factors (Meyer et al., 1993; Stavrou & Brewster, 2005). By adopting this approach, we gain a holistic understanding of how HR practices interact and complement each other in promoting creativity, while also accounting for diverse organizational contexts.

However, as “HR differentiation research would benefit from a greater integration of multiple theoretical perspectives” (Krausert, 2017, p. 448), we amalgamate various theories and models, including the flexible firm model (Atkinson, 1984) and social capital theory (Nahapiet & Ghoshal, 1998). Our argument posits that differentiated HR practices exert both direct and indirect effects on creativity, contingent on the level of analysis. Furthermore, we assert that employee creativity serves as the
foundation element for team/group and organizational creativity. Subsequently, we elucidate how contextual factors serve as crucial boundary conditions in understanding the relationship between differentiated HR systems and creativity across various organizational levels. Figure 1 provides a graphical overview of the proposed model, which we expound upon in this paper.

**FIGURE 1**
CONCEPTUAL FRAMEWORK

The paper aims to contribute to strategic HRM and creativity literature in the following ways. First, building upon the seminal work of Lepak and Snell (1999; 2002), our paper leaps forward by extending the HR Architecture framework into the realm of creativity. While this framework has been instrumental in understanding HR differentiation (Luo et al., 2021), it has been somewhat silent on the intricate process of generating creativity within organizations yet creativity is not just desirable but imperative—particularly in today’s turbulent and intensely competitive business environment. Accordingly, we pioneer the development of a multilevel model that intricately explains how differentiated HR systems can act as catalysts for nurturing creativity. This approach is particularly essential because creativity, as a multifaceted phenomenon (Song et al., 2020), necessitates a nuanced approach to comprehend. Moreover, the multilevel nature of organizations also necessitates the use of a multilevel approach to fully comprehend how HR systems shape work outcomes (Aryee et al., 2012; Klein et al., 1999; Song et al., 2020). Second, acknowledging the multifaceted nature of creativity (Song et al., 2020), we weave together insights from various theories and models that are most relevant in understanding the nexus between differentiated HR systems and creativity, including the configurational HRM approach, flexible firm model and social capital theory to generate testable propositions. In so doing, we offer a holistic perspective on how HR systems can catalyze creativity. Finally, consistent with other strategic HRM scholars who emphasize the interconnectedness of HRM systems with other organizational components (Jackson et al., 2014), we delve into the identification and elucidation of crucial boundary conditions. These conditions exert a pivotal influence on how differentiated HR systems interact with and shape creativity outcomes. Indeed, exploring these boundary conditions not only broadens academic understanding but also provides managers with actionable insights, particularly on how to navigate the complex landscape of creativity enhancement in today’s dynamic and challenging business environment.
THEORETICAL FRAMEWORKS

Based on the extant approaches to understanding the loci of HR differentiation, several definitions have been advanced. For instance, according to the job-based theorists, differentiation entails investing in specific positions and employees in those positions that help an organization achieve its strategic goal (Becker et al., 2009; Vaiman et al., 2021). These scholars refer to jobs that create value for firms as ‘strategic’ since they are a source of value creation (Becker & Huselid, 2006; Huselid et al., 2005). The job-based approach is built on the premise that all jobs are not the same and that only those jobs that contribute to strategic capabilities are ‘strategic’ (Bidwell & Keller, 2014; Boudreau & Ramstad, 2005).

For their part, the person-based protagonists understand differentiation as the differential treatment of workers or groups of workers (Marescaux et al., 2013; Piasecki, 2020). According to the HR architecture model, differential treatment of employees should be based on human capital value and uniqueness if an organization has to attain a competitive edge (Lepak & Snell, 1999, 2002; Luo et al., 2021). Rofcanin et al. (2019) defined HR differentiation as the intentional or deliberate differential of employees that takes into consideration their unique requirements, preferences, and contributions. Consistent with Marescaux et al. (2021), we believe that, while this definition appears to be extensive and complete, it ignores processes that occur at the meso/group level. This is an important omission, especially in light of the fact that treating employees differently has an impact at all organizational levels: individual, group, and organizational levels. Thus, to help us focus our arguments, we define differentiation as the distinct ways in which employees and groups of employees are treated within and across the various organizational levels based on their levels of human capital value and uniqueness. To demonstrate how HR differentiation moulds creativity at multiple organizational levels, we build on the HR architecture, which provides the precise employee SKAOs required for improving creativity.

HR Architecture Framework

Several strategic HRM scholars (e.g., Cappelli & Keller, 2014; Luo et al., 2021; Marescaux et al., 2021) contend that the dominant approach to conceptualising differentiation is the HR architecture model, which posits that firms allocate employees to specific employment arrangements according to human capital strategic value and uniqueness (Lepak & Snell, 1999, 2002). The strategic value of human capital is described as “its potential to improve the efficiency and effectiveness of the firm, exploit market opportunities, and/or neutralize potential threats” while uniqueness refers to the extent to which human capital is “rare, specialized and, in the extreme, firm-specific” (Lepak & Snell, 2002, p. 519). Through collocating the strategic value and uniqueness of human capital, Lepak and Snell extract four employee groups and HR configurations as graphically summarized in Table 1.

<table>
<thead>
<tr>
<th>Work arrangement</th>
<th>Human capital value and uniqueness</th>
<th>Effect on the organization</th>
<th>Example(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quadrant 1:</strong> Knowledge-based employment</td>
<td>High value, high uniqueness</td>
<td>Are hired to directly contribute to the firm’s strategic objectives.</td>
<td>Core employees e.g., CEOs, Functional managers</td>
</tr>
<tr>
<td><strong>Quadrant 2:</strong> Job-based employment</td>
<td>High value, low uniqueness</td>
<td>Are hired for their ability to perform pre-determined tasks/duties.</td>
<td>Professional employees e.g., Accountants</td>
</tr>
</tbody>
</table>
Quadrant 3: Contractual Work Arrangements

- **Low value, low uniqueness**
- Are contracted or outsourced on a temporary basis to perform limited and routine jobs.
- Support workers e.g., Cleaners

Quadrant 4: Alliances

- **Low value, high uniqueness**
- Mutual partnerships with independent or external parties or subcontractors to jointly perform projects
- Temporary help agencies

Source: Adapted from Lepak and Snell (1999, 2002) and modified by the authors.

**Quadrant 1: Knowledge-Based Workers**

Are the most valuable and unique group of workers. They belong to an internalized employment mode. These workers are more likely to experience substantial training and development programs, stringent hiring processes, and performance management systems that emphasize employee development. Companies typically manage this group of employees using high commitment HR systems in order to help them continue to develop the unique and valuable abilities required to not only advance the organization’s strategic agenda but also to gain competitive advantage (Lepak & Snell, 1999).

**Quadrant 2: The Job-Based Workers**

Just like Quadrant 1 employees, Quadrant 2 workers belong to an internalized employment mode. However, since it may not be possible for a firm to train and develop all its employees, a firm may opt to acquire readily trained workers from the labour market. According to Lepak and Snell (1999), businesses might gain instant advantages by purchasing valuable human capital that has already been established elsewhere. Firms typically apply market-based HR strategies, such as paying competitive market salaries, hiring selectively, ensuring parity in remuneration, and utilizing result-based performance management systems, in order to effectively manage these groups of employees.

**Quadrant 3: Contract Employees**

This workforce differentiation pattern consists of employees who are neither valuable nor unique. They are part of an externalized employment mode and are typically ‘contracted’ for a short time to perform routine tasks that are limited scope, length, and purpose. More importantly, these employees are managed with compliance-based HR systems that require compliance with the company’s laws, regulations, and policies.

**Quadrant 4: Alliance/Partnerships**

While employees in this category have high uniqueness, their strategic value is low for them to be employed internally. Thus, they are managed using collaborative-based HR systems and fall under the category of externalized employment. In other words, HR operations are mostly centered on interpersonal interactions aimed at establishing partnerships, such as information-sharing, group decision-making, effective routes for communication, work rotations, and exchange programs (Nonaka & Takeuchi, 1995).

Drawing on the HR architecture, we emphasize that firms are more likely to unleash their employees’ creative potentials when they deploy differentiated HR systems that target employee SKAOs, including human capital value and uniqueness. To offer deeper insights in how this arises, we integrate insights from the configurational theory.

**Configurational Theory**

The configurational HRM approach asserts that there is no one-size-fits-all solution for managing human resources. Instead, organizations should consider bundles of HR practices that align both internally and externally to improve outcomes, such as firm performance (Lepak & Shaw, 2008; Park & Mithas, 2020). According to Baird and Meshoulam (1988), the configurational approach emphasizes the need for both external fit, where HR practices align with contextual factors like workplace climate, firm strategy,
and size, and internal fit, where HR practices complement and reinforce each other. These combinations of HR practices are often referred to as HR systems or bundles (MacDuffie, 1995; Ridder et al., 2012).

Tailoring HR systems to an organization’s unique requirements is a key aspect of configurational theory (Akinlade & Shalack, 2017; Ridder et al., 2012). By investing in HR systems that align with individual employee attributes, organizations can create a personalized HR system that allows employees to use their talents and competencies effectively. When HR systems are aligned with business and HR strategies, they collaborate to establish a distinct workplace climate, which influences and guides employees towards the development of specific skills, abilities, or behaviors (Bowen & Ostroff, 2004). As a result, differentiated HR systems are expected to create unique employee-driven assets (Collins, 2021; Lepak & Snell, 1999). The use of differentiated HR systems also promotes diversity and the accumulation of heterogeneous skill sets, which together foster creativity.

Prior to illustrating how differentiated HR systems influence workplace creativity, we begin by drawing on theoretical insights from the flexible firm model and social capital theory. These theoretical frameworks suggest that HRM adapts to the business environment and collaborates with other HR systems to exert influence on creativity across different organizational levels.

The Flexible Firm Model

Atkinson (1984) introduced the notion of the ‘flexible firm’ in his groundbreaking research on manpower strategies tailored for flexible organizations. Atkinson’s work was driven by the recognition that market pressures compel firms to consider a wide array of employment practices. Atkinson focused on the idea of flexibility, highlighting two key dimensions: numerical and functional flexibilities.

Numerical flexibility is the ability to vary the workforce size in response to changes in the demand for products. According to Atkinson, this could be achieved through peripheral work arrangements such as temporary work, part-time employment, and subcontracting. Differentiated HR systems contribute to numerical flexibility by enabling the use of temporary workers, part-time employees, and subcontractors as needed. Having this flexibility allows the organization to adapt quickly to market changes. On the other hand, functional flexibility involves varying the tasks assigned to core employees who have extensive training and multifaceted skills. Differentiated HR systems foster functional flexibility by providing core employees, including knowledge- and job-based workers with different competencies and expertise, so they can handle a variety of responsibilities effectively.

Similarly, Sanchez (1995) in his work on strategic flexibility, argued that adapting to environmental changes requires resource flexibility, which involves deploying strategically skilled employees to perform a diverse range of tasks, and coordination flexibility, which entails using external forms of employment like contract and part-time workers for tasks limited in scope and duration.

We argue that organizations that adopt unique HR systems are more likely to achieve flexibility because of the diverse range of employee competencies and skills they cultivate, as well as the different employee categories. As a result, this facilitates organizational creativity by allowing the organization to adapt and innovate effectively in response to changing demands and opportunities.

Social Capital Theory

The implementation of differentiated HR systems can positively influence the development of social capital within and among employee groups. Nahapiet and Ghoshal (1998) explain social capital as the resources made accessible by a person or a social unit’s network of ties, which are essential for an organization’s success.

According to Nahapiet and Ghoshal, social capital can be broken down into three distinct dimensions: structural, relational, and cognitive. The structural dimension pertains to the configuration of social networks, including network ties, patterns of links, and the organization of networks for specific purposes. It encompasses the roles, rules, and procedures within these networks. The relational dimension emphasizes affective relationships among employees, characterized by mutual trust, shared norms, mutual obligations, and identification (Chen et al., 2008). Relational social capital also relates to how well relationships develop through time, including aspects like respect, friendship, and trust (Nahapiet & Ghoshal, 1998).
cognitive dimension is an intangible dimension, which is often expressed through shared codes, narratives, and common language (Chuang et al., 2013; Nahapiet & Ghoshal, 1998).

These three dimensions of social capital are interconnected and play unique roles in facilitating interaction, collaboration, and the exchange of ideas among individuals and groups (Nahapiet & Ghoshal, 1998; Subramaniam & Youndt, 2005). Therefore, organizations can promote social capital by encouraging interactions among employees through differentiated HR systems, ultimately leading to greater team creativity.

Employee, Team and Organizational Creativity

Creativity is mainly understood as the generation of useful and novel ideas about products, goods, services and practices (Amabile, Conti, Coon, Lazenby, & Herron, 1996; Gong et al., 2009). Indeed, the prominent approach to understanding employee creativity has been to associate it with divergent thinking among individuals or generation of different ideas to solve a particular problem (Paulus, 2000). Several factors have been mooted to influence employee creativity. For instance, Gupta and Banerjee (2016) argue that employee creativity is influenced by personality, cognitive styles and abilities, domain knowledge, intrinsic motivation and self-determination. Indeed, it is unanimously agreeable among management scholars that organizations need to attract, motivate and develop creative employees if they are to become and remain competitive (Andriopoulos, 2001).

However, while creativity is, by and large, an individual process, it is also an associational or a collaborative process since it involves divergent thinking and sharing of novel ideas (Amabile, 1988). This collaborative aspect is referred to as team creativity, characterised by divergent thinking within workgroups (Paulus, 2000). It emerges through interactions among employee groups and their shared practices (Littleton et al., 2012). Gupta and Banerjee (2016) argue that considering that organizations are a composition of different groups of people working together towards a common goal, understanding team creativity is of greater importance. Moreover, teams can promote or impede employee creativity (O’Shea & Buckley, 2007).

At the organizational level is organizational creativity, which is defined as “the creation of a valuable, useful new product, service, idea, procedure, or process by individuals working together in a complex social system” (Woodman et al., 1993, p. 293). Put differently, organizational creativity concerns the organization’s ability to develop its human capital capacity towards the generation of novel ideas at the organization-wide level and the attainment of sustainable competitive advantage (Nisula & Kianto, 2018). Considering that the organizational level is in fact “a higher-level collective phenomenon” (Kozlowski & Klein, 2000, p. 55), Woodman et al. (1993) argue that organizational creativity is a composite of the creative outputs of individuals and teams.

APPLICATION OF THEORIES AND DEVELOPMENT OF PROPOSITIONS

Differentiated HR Systems, Organizational Flexibility and Organizational Creativity

Consistent with the flexible firm model, we assert that the adoption of differentiated HR systems plays a pivotal role in cultivating organizational flexibility, which, in turn, acts as a catalyst for stimulating organizational creativity. Sanchez (1995) defines flexibility as an organization’s capacity to effectively respond to the diverse demands arising from dynamic and competitive environments. Through differentiated HR systems, organizations attain both numerical and functional flexibilities by deploying various categories of employees and equipping them with a broad range of competencies. Consequently, these employees become ‘flexible’ due to their heterogeneity and possession of diverse SKAOs. Notably, organizational creativity flourishes when organizations harness the collective knowledge and expertise of employees with diverse SKAOs (Parjanen, 2012; Rasool et al., 2019). Moreover, when heterogeneous individuals collaborate and share their insights, creative solutions and innovations are more likely to emerge (El-Kassar et al., 2022). Accordingly, we propose:
**Proposition 1:** Organizational flexibility mediates the relationship between the use of differentiated HR systems and organizational creativity.

**Differentiated HR Systems, Social Capital and Team Creativity**

Considering that firms provide HR investments to employees “based on the extent to which employees within a job group are critical to implementing the organization’s strategy and creating value” (McClean & Collins, 2011, pp. 346-347), we propose that the adoption of differentiated HR systems can facilitate the effective utilization of employees’ capabilities. This is achieved by empowering various employee groups to develop their unique network connections, configurations, and governance structures for carrying out their respective roles. While in-groups and out-groups may naturally emerge among various employee groups as a means of identification as distinct social entities, Tajfel (1970) argues that the treatment of the out-group often serves to enhance the standing of one’s group. Accordingly, we maintain that the use of a differentiated HR system has the propensity to create social capital through the establishment of connections and collaborations among employees. This social capital ultimately plays a pivotal role in enhancing team creativity by promoting social interaction and a sense of shared identity and purpose among employees within the organization (Liu, 2013). This perspective is also reinforced by proponents of the configurational perspective like Kang et al. (2007), who hypothesized that while each employee category possesses specialized expertise, this knowledge is frequently shared to create synergistic value for both the group and the organization. This suggests that using differentiated HR systems can foster team creativity by creating social capital through employee collaboration, social information processing, knowledge sharing, information exchanges, information elaboration, and task identification and clarification.

**Proposition 2:** Social capital mediates the relationship between the use of differentiated HR systems and team creativity.

**Differentiated HR Systems and Employee Creativity**

When firms use differentiated HR systems, each employee category is managed with an appropriate set of HR systems thereby eliciting their respective creative potentials. Empirical studies show that in differentiated firms, strategic employees receive ‘high road’ HR practices while contingent workers receive “low road” HR practices (Clinton & Guest, 2013). The reason is that these groups of workers have different job requirements. As such, the various groups of employees get what they deserve. Through differentiation, contract employees managed by compliance-based HR practices are more likely to be assigned repetitive and routine tasks due to their low-level skills. In the long run, however, such workers are likely to develop deep-level knowledge about their work and/or job-specific expertise, which is positively correlated with proactive work behavior and employee creativity (Bindi & Parker, 2010; Ohly et al., 2006). On the other hand, highly skilled employees such as knowledge workers managed by commitment-based HR systems are likely to be assigned highly complex tasks which elicit their creative potential (Oldham & Cummings, 1996). In a study by Son et al. (2020), talent management was found to have a positive relationship with innovation. This suggests that utilizing differentiated HR systems can enhance employees’ creative potential. Therefore, we propose:

**Proposition 3:** The use of differentiated HR systems is positively related to employee creativity.

**The Relationship Among Individual, Team and Organizational Creativity**

There is unanimous agreement among creativity researchers that organizational creativity depends on individual and group creative inputs (Sözbilir, 2018). This is due to the notion that interpersonal and group interactions, as well as other contextual factors have an impact on organizational outcomes (Hollenbeck & Jamieson, 2015). Subramaniam and Youndt (2005) noted that knowledge flows “either through (1) individuals, (2) organizational structures, processes, and systems, or (3) relationships and networks” (p. 451). However, the authors also note that these processes “both individually and jointly deploy organizational knowledge” (Subramaniam & Youndt, 2005, p. 452). Consistent with Sözbilir (2018), Gupta
and Banerjee (2016) and Woodman et al. (1993) et al. (1993), we propose that the creative behaviors of individuals and groups together contribute to organizational creativity. Indeed, while organizational creativity can also influence team and individual creativity, it is individual characteristics that are “amplified by their interactions, and manifests as a higher-level, collective phenomenon” (Kozlowski & Klein, 2000, p. 55). Similarly, the seminal work on creativity asserts that creativity results in an individual’s uniqueness (Amabile, 1988). This implies that individual creativity serves as the foundation for both team and organizational creativity. Hence, we propose the following:

**Proposition 4:** Individual creativity is positively related to organizational creativity.

**Proposition 5:** Individual creativity is positively related to team creativity.

**Proposition 6:** Team creativity partially mediates the positive relationship between individual creativity and organizational creativity.

**Moderating Influence of Contextual Factors on Creativity**

Drawing from the configurational perspective, numerous scholars argue that while differentiated HR systems hold the potential to stimulate creativity (Sung-Choon et al., 2007), the extent of this impact may vary, owing to a multitude of individual, group, and organizational factors. These factors encompass elements like organizational culture, workplace climate, leadership styles, group diversity, personality traits, and the complexity of tasks, among others (Amabile et al., 1996; Bavik & Kuo, 2022). Shalley et al. (2004) further point out that employee creativity can also be moderated by various aspects, including personality traits, cognitive abilities, and the quality of relationships with colleagues and supervisors. Empirical research by Chang et al. (2014) revealed that task complexity and team cohesion positively moderate the relationship between high-commitment work systems (HCWS) and employee creativity. Notwithstanding, team creativity was also found to be influenced by a range of additional factors, including team efficacy (Wang et al., 2020), team trust (Akhtar et al., 2019), self-serving leadership (Peng et al., 2019), ethical leadership (Tu et al., 2019), and collective regulatory focus (Kim et al., 2021; Van Dijk et al., 2021). For instance, research has shown that team trust plays a pivotal role, explaining 47% of the variance in team creativity (Akhtar et al., 2019).

Considering that the creative behaviors of individuals and groups together contribute to organizational creativity (Sözbilir, 2018) and that both individual and team creativity is influenced by external factors, we predict that organizational creativity is also likely to be influenced by other factors. Bowen and Ostroff (2004) highlight that each organization possesses a unique workplace climate that shapes how employees perceive and engage within their work environment. This suggests that organizational creativity is shaped by a variety of contextual factors, including organisational strategy, and workplace climate, among others. For instance, Miles and Snow (1984) categorized organizational strategies into ‘prospectors,’ ‘analysers,’ ‘defenders,’ and ‘reactors,’ each demanding distinct employee role behaviors and consequently, differentiated HR systems. According to Miles and Snow, a firm pursuing a ‘prospectors’ firm strategy, which entails a constant quest for new products and markets, will tailor HR practices to support behaviors conducive to innovation and the creation of new products and market opportunities, whereas defenders may focus on downsizing and increasing technology investment. Therefore, differentiated systems can effectively drive creativity only when they are thoughtfully adapted to specific contextual factors.

**DISCUSSION**

Strategic HRM researchers have consistently shown how particular HR practices, including selective hiring, compensation, job design and collaboration (Jiang et al., 2012) and HR systems such as HPWS (Chen et al., 2021) can foster creativity. While organizations often prioritize workplace creativity as a critical outcome of HR systems, it is equally important to investigate how differentiated HR systems can enhance creativity in the workplace. This emphasis on differentiation arises because organizations often
categorize employees based on their varying levels of significance for organizational performance (Stirpe et al., 2014).

To develop a robust theoretical framework for research, we employ a multilevel strategy to illustrate how differentiated HR systems may impact creativity for two primary reasons. First, the intricate and varied structure of organizations necessitates a multilevel approach to fully comprehend the connection between HR systems and workplace outcomes (Aryee et al., 2012). Second, creativity itself is a multifaceted construct that operates at various levels within an organization (Song et al., 2020). Therefore, our article explores how differentiated HR systems influence creativity across different organizational levels.

In our quest to comprehend how HR differentiation can foster creativity across different organizational levels, we have undertaken the task of weaving together insights from several theoretical perspectives. We have extended the HR architecture framework by amalgamating elements from the configurational perspective, the flexible firm model, and social capital theory to underpin our theoretical framework. For instance, when examining the impact on organizational creativity, we highlight organizational flexibility as a pivotal mechanism through which differentiated HR systems exert influence. In this context, we expound upon how these HR systems can shape organizational adaptability and innovation, facilitating creativity at the organizational level. On the other hand, when delving into the realm of team creativity, we shift our focus to social capital theory for more insights into how differentiated HR systems can foster the creative capacities of teams. We explore how these systems promote collaboration, knowledge sharing, and the development of strong social connections within teams, all of which contribute to heightened levels of team creativity.

Last but not least, as Kamoche et al. (2004) explained, HR systems and their adoption should not be assumed to operate in a vacuum, but considered within particular contextual factors, existent challenges, and the nature of responses to challenges. For instance, Chang et al. (2014) found task complexity and team cohesion to have a moderating influence on the link between HCWS and employee creativity. This underscores the idea that the correlation between differentiated HR systems and creativity, whether observed at the individual, group, or organizational level, can be influenced by a myriad of contextual factors. In light of this, it is prudent to exercise caution when attempting to comprehend how differentiated HR systems could influence creativity. This leads us to conclude that our conceptual framework has valuable theoretical and real-world implications, which we now take into account.

**Theoretical Implications**

The conventional HR architecture, which is the prevailing approach to HR differentiation, has primarily focused on how differentiated HR systems impact organizational outcomes such as firm performance.

However, our perspective significantly diverges from this methodology. While the HR architecture emphasizes the value and distinctiveness associated with human capital as the two critical aspects for differentiating employees (Lepak & Snell, 1999, 2002), it falls short of explaining how employee creativity can be enhanced. By integrating various theoretical perspectives, we offer a comprehensive understanding of how differentiated HR systems influence creativity. This aligns with Wright and Nishii’s (2007) assertion that researchers must build theories that integrate multiple levels of analysis within a single study to gain a deeper understanding of the HR-performance link. We emphasize the importance of creativity as creative individuals are at the forefront of innovation and are essential for economic progress (Florida & Goodnight, 2005).

Second, at the group level, we explain that while social capital holds significant implications for various social phenomena, including individuals, teams, and organizations (Chang et al., 2014), limited research has explored how differentiated HR systems can be leveraged to enhance social capital. We contend in our conceptualization that differentiated HR systems have the potential to contribute to social capital by fostering a conducive environment for interactions among employees within and across diverse employee groups. This conducive environment is characterized by shared network ties and configurations that stem from the distinct team or group structures resulting from differential employee treatments. These interactions facilitate knowledge and information exchanges, information elaboration, and the clarification of tasks (Kang et al., 2007), all of which promote creativity. Therefore, contrary to prior work suggesting
that differentiated HR systems primarily benefit workers in specific employment relationships (Tsui et al., 1997), we propose that differentiated HR systems can also facilitate social capital, thereby fostering team creativity.

Third, our research amalgamates relevant theories, such as configurational theory and the flexible firm model, to formulate hypotheses that advance our understanding of how differentiated HR systems can be used to foster creativity. For instance, we propose that organizational flexibility might act as an intermediary factor in the association between differentiated HR systems and overall organizational creativity. However, empirical research is indispensable to validate these propositions.

Further, as highlighted by the configurational perspective, the effect of differentiated HR systems on creativity is not uniform, owing to a myriad of individual, group, and organizational factors. For instance, Rofcanin et al. (2019) theorised that perceptions of unfairness could have negative consequences for work outcomes. In the context of i-deals literature, Ng (2017) found that a competitive work climate can lead to negative behaviour among co-workers, while a supportive climate can have the opposite effect. These reactions can also affect creativity at various organizational levels. Therefore, differentiated HR systems are only effective if the surrounding organizational and environmental circumstances are favourable.

**Managerial Implications**

From a managerial perspective, we contend that organizations can foster individual, team, and organizational creativity through the use of differentiated HR systems. Therefore, organizations are better served by building HR systems based on the characteristics of their existing groups of workers rather than imitating what other companies do. This strategy would guarantee that organizations develop their distinctive resources and talents, which are a source of competitive advantage.

More importantly, managers should recognise that individual creativity forms the cornerstone of team and organizational creativity. As such, there is a need to customise HR systems to suit the needs of individual employees by utilizing appropriate HR investments based on their unique SKAOS. While there may be concerns about equity, particularly among contract workers who may receive ‘low road’ HR practices in comparison to knowledge workers (Marescaux et al., 2013), this may not necessarily be the case. This is because while the outputs of contract workers may indeed be lower than those of knowledge workers, their inputs may also be lower, resulting in equivalent distributions per input (Eyamu, 2019). Moreover, providing relevant information to employees can help them understand differential treatments and minimise negativity.

Although differentiated HR systems can stimulate creativity, their effectiveness relies on being in sync with the organizational context, including factors like workplace culture, leadership approach, team dynamics, task intricacy, and more. To ensure success, managers must undertake thorough evaluations of their organization’s contextual factors and customise HR systems accordingly.

**LIMITATIONS AND FURTHER STUDY**

First, our research limitation is that since this study is a theoretical literature review, its findings might defer from reality. Therefore, an empirical study is required to validate the suggested model and ascertain the potential impact of differentiated HR systems on creativity at the various organizational levels.

Second, the study assumes that differentiating all HR practices boosts employee creativity levels. That might not always be the case. According to Marescaux et al. (2013), some HR practices may be better off being ‘standardised’ than being ‘differentiated.’ Moreover, HR practices may have varying effects depending on the value an individual employee attaches to a particular HR practice. In this way, the levels of creativity produced might be influenced by how employees and groups view the differentiated HR systems.
CONCLUSION

This paper delves into the relationship between differentiated HR systems and creativity in organizations. As businesses face increasingly complex and unpredictable environments, HR practices must be tailored to individual employees and organizational contexts to remain effective. We examine differentiated HR systems through a person-based approach, specifically the HR architecture model, which emphasizes the importance of adapting HR practices to the unique characteristics and attributes of employees. By synthesizing theories such as configurational theory, the flexible firm model, and social capital theory, we have developed testable hypotheses that provide a theoretical basis for future research. Our study provides organizations and managers with insights to enhance creativity in the workplace, navigate complexities, and strategically leverage HR practices in a dynamic business environment. However, empirical research is necessary to validate the proposed hypotheses and further enrich our understanding.

REFERENCES


