



# An Examination of Employee Rewards and Work Environment on Employee Creativity and Innovation

Dickson Mdhlalose<sup>1</sup> 

<sup>1</sup> Department of Information and Communication Technology, National Electronic Media Institute of South Africa, Johannesburg, South Africa

\* Corresponding author: [dsskosana@gmail.com](mailto:dsskosana@gmail.com)

## Article History

*Received 2023-09-07*

*Reviewed 2023-12-28*

*Accepted 2024-01-03*

*Published 2024-01-04*

## Keywords

*Creativity*

*Innovation*

*Employees Rewards*

*Work Environment*

## Abstract

**Purpose** - The provision of rewards to employees for their innovative ideas and creative ideas acts as a motivational factor, encouraging them to sustain their efforts in developing novel and innovative solutions. The objective of this research is to examine the effects of employee rewards and work environment on employee creativity and innovation.

**Design/Methodology/Approach** - This research used a quasi-experimental approach (specifically, an explanatory design). This inquiry relied on secondary sources. The collection of secondary material was conducted by using multiple online search platforms and specialist journals.

**Research Findings** - Employees' ability to be creative and innovative is bolstered by all three types of rewards: intrinsic rewards, which have a positive effect on intrinsic motivation, extrinsic non-financial rewards, and extrinsic financial rewards, which can either encourage or discourage employees' efforts to be creative and innovative. Organizational environments that promote and cultivate employee creativity and receptiveness to novel ideas are more inclined to cultivate a culture that fosters creativity and then innovation.

**Originality** - The significance of this research study adds value to the existing corps of information about understanding the effects of employee rewards with the aid of the work environment on employee creativity and innovation.

**Practical Implications** - Drawing from the findings of this study it has been proven that in the corporate world employees are different with various types of needs. Hence to successfully motivate them to be creative and innovative organizations must provide employee rewards that are comprehensive and at the same time must balance the employee rewards they offer with the conducive work environment with employees' individual needs.



## Introduction

The concept of providing employee awards based on creativity has a well-established and extensive historical presence within the realm of an organization. The act of acknowledging and providing rewards to employees for their imaginative ideas may play a significant role in cultivating an environment that promotes innovation inside an organization. An exemplary illustration of incentivizing employee innovation is the notion of "intrapreneurship". The concept of intrapreneurship pertains to the organizational approach of fostering entrepreneurial thinking and behaviour among employees inside the confines of the corporation. Organizations that actively foster intrapreneurship often provide several rewards, including financial prizes and the chance to spearhead pioneering initiatives. In recent years, there has been a notable trend among organizations to use contemporary strategies to incentivize and acknowledge employee innovation. These strategies include gamification, a method in which employees get points or badges for their creative efforts, as well as innovation challenges, whereby employees engage in a competitive process to generate the most exceptional ideas and receive rewards commensurate with their performance. The historical account of employee rewards for creativity underscores the need to foster and acknowledge innovative thought inside corporate organizations. Encouraging employees to think innovatively and provide their utmost ideas might motivate them.

Towards the close of the 20<sup>th</sup> century and the beginning of the 21<sup>st</sup> century, the ability of employees and learners in educational organizations, commercial organizations, government organizations, and non-governmental groups to transform fresh concepts into actual occurrences expanded (Kassa, 2021). The topic of rewards, both financial and non-financial, has long been a matter of importance for numerous organizations (Abubakar, Esther & Angonimi, 2020). The issue revealed in this research pertains to the failure of organizations to provide rewards that effectively enhance creativity among employees. The process of designing and maintaining a reward system is a multifaceted undertaking, sometimes resulting in organizations falling short in their ability to provide rewards that effectively correspond with the individual requirements of each employee. More frequently than not, creativity is suppressed as opposed to being encouraged. It is not usually due to any hostile attitude towards creativity from managers, as most of them acknowledge the importance of innovative and beneficial concepts.

Nevertheless, in workspaces, creativity is frequently thwarted unknowingly daily (Amabile, 1998). Since Amabile established the core framework in 1988 and Porter and Lawler published their results on employee motivation in 1968, the quantity of studies investigating employee creativity and motivation has expanded (Amabile, 1988). As a result, Fischer, Malycha and Schafmann, (2019:2) argue that as labour becomes more dynamic and information-intensive, organizations become increasingly reliant on individuals' creative ideas and innovative dispositions. Rooks and Oerlemans (2005:1224) claimed that South African organizations have more difficulties implementing innovation initiatives than European organizations do because of: inadequate understanding of technology developments, depressing capital investment, not enough highly skilled employees and constraints placed by state intervention. This study aims to analyse the impact of employee rewards and work environment on employee creativity and innovation.

Creativity is the basic skill of coming up with novel solutions to established situations (Lussier & Hendon, 2020:348). To be creative is to see something that everyone else sees, but to come up with an original solution (Nieuwenhuizen, 2015:49). In being creative is to come up with novel and practical ways to address challenges and make the most of opportunities (Fetrati & Nielsen, 2018:1). These three criteria are used in this research since they are appropriate and consistent with its theoretical framework. Each innovation relies on creative labour that results in fresh and practical concepts or goods (Wang & Holahan, 2020). Although innovation occurs at the organizational level, creativity arises at the personal level (McLean, 2005), Ideas are sources of competitive advantages in a dynamic and fiercely competitive knowledge-based economy since knowledge and

technology are the by-products of creativity. To boost performance and outperform rivals while addressing new organizational needs, creative performance involves the transformation of ideas into new goods, services, and methodologies (Mbebeb, 2019:22). As a result of the employees' innovation, the organization may learn new things that might help it develop, succeed, and have a greater likelihood of surviving (Ahmad, Ullah, AlDhaen, Han & Scholz 2022). Innovation, increased productivity, flexibility, and development are all boosted by creativity in the workplace (Boyles, 2022).

## Literature Review

### Components of Creativity

The central tenet of the componential theory, according to Amabile (2012), is that individuals are often creative if they're intrinsically motivated by self-satisfaction, satisfaction, and employment challenges rather than extrinsic motivators. This theory has features of the organization including both creativity and innovation. The componential Theory of Creativity requires the presence of two key elements. Firstly, creativity ought to be considered a continuum that permeates all endeavors, from little daily creative actions performed by individuals to significant historical achievements and innovations. Secondly, regardless of whether a person narrows their creative attention to one area, everyone has some degree of originality. A person's degree of creativity is determined by the many creative activities occurring both within and outside of them (Amabile, 2012).

Three elements to Individual/Team Creativity (Amabile, 1997):

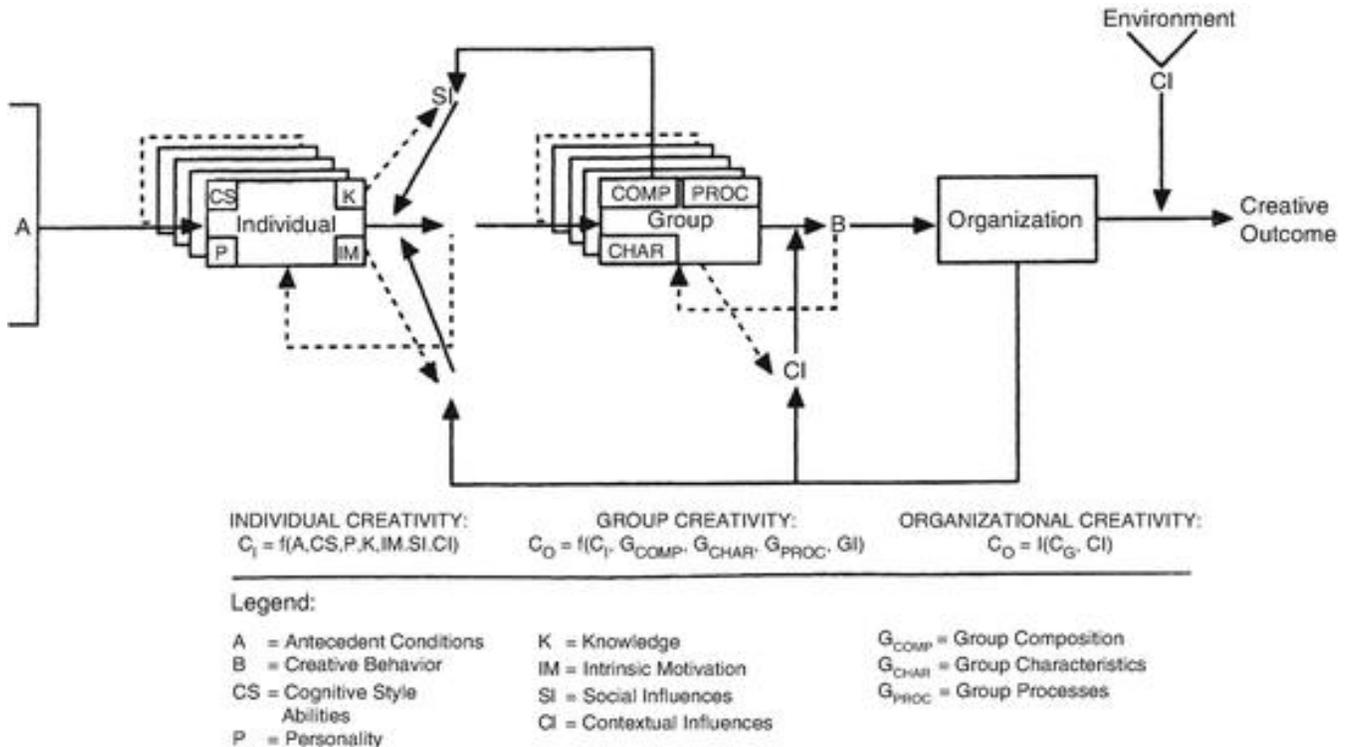
- Expertise: a high degree of ability or knowledge possessed by a person or a group.
- Creativity Skills: This term describes a person's or a group's capacity for flexible and innovative thought.
- Task motivation: a person or group motivated by a task, such as out of enthusiasm, delight, or a feeling of personal challenge.

To achieve the desired creativity the following work environment elements must be considered (Amabile, 1997):

- Management practices: Management must make sure that staff are allocated appropriately, that suitable processes or processes have been established, and that principles that stimulate innovative endeavors, like awards and recognition, are openly promoted.
- Resources: sufficient time, money, and workspace must be made available.
- Organizational motivation: To maintain intrinsic motivation, the organization should encourage greater a culture of creativity and open-mindedness.

Intrinsically driven employees who have strong subject competence and high talent in creativity and innovation work in settings that are high in support for creativity," and it's within this setting that "individuals may realize their full creative potential" (Amabile 2012). Those who are genuinely driven to complete a job because they consider it intriguing and rewarding are much more willing to take risks, which leads to more original ideas, according to the notion of intrinsic motivation (Amabile *et al.*, 1994). Based on these findings, fundamental innovation is characterized by an inner drive, while gradual creativity is indicated by extrinsic rewards. The employees' mastery goals further accentuated these disparate effects, with intrinsic motivation favourably interacting with learning goal orientation but not performance goal orientation to anticipate both forms of creativity. Contrarily, extrinsic rewards are highly associated with performance goal orientation but not learning goal orientation to forecast relatively modest increases in creative output (Malik, Coi & Butt, 2019).

The interactional view of organizational innovation is shown in Figure 1. Participatory creativity in organizations is a result of nuanced personal communication interactions shaped by both historical context and the most pressing demands of the present. Creativity is tied to both individual cognition (skills, knowledge, cognitive abilities, and cognitive techniques) and non-cognitive (character) mental makeup. In conclusion, an individual's level of creativity is determined by their unique combination of contextual factors (such as previous reinforcement historical records and biographies factors), cognitive style and ability (such as lateral thinking and conceptual language skills), character variables (such as ego and control locus), pertinent wisdom, motivation, societal factors (such as prosocial behaviour and rewards), and situational factors (such as physical surroundings, task, and time limits) (Woodman, Sawyer & Griffin, 1993).



**Figure 1:** An Internationalist Model of Organizational Creativity

**Source:** Woodman et al. (1993:295)

In every tier of society shown in Figure 1, the notion that behaviour is a complicated interplay between an individual and their environment is restarted. Group creativity is a consequence of individual creative behaviour "inputs," interplay among members (group composition), group features (norms, size, cohesion), group procedures (methods to concern), and environmental factors (larger organization, characteristics of group tasks). The level of innovation within an organization depends on the quality of the ideas generated by its various departments and the various external and internal factors affecting those departments and the organization (such as organisation behaviour, reward systems, resource limitations, and the external environment). Creative output (novel goods, services, ideas, techniques, and methods) for the whole system is indeed the outcome of an intricate mosaic of individual, group, and organizational features (Woodman et al., 1993).

## Theories of Creativity

Because employee innovation and creativity are now more crucial to an organization's existence than ever before (Fischer *et al.*, 2019:2). Hence, introducing creativity and realizing ideas on improving how well the organization conducts labour to boost production and by using innovation to provide novel items through increasing profits and revenues and maintaining (Lussier & Hendon, 2020:348; Mai *et al.*, 2019:3418).

**Table 1:** *Categorization of Theories of Creativity*

Category	Primary assertion	Major studies
<b>Development</b>	Creativity develops over time; mediated by an interaction of person and environment.	Helson, (1999); Arnold, Noble and Subotnik, (1996); Albert and Runco, (1989)
<b>Psychometric</b>	Creativity can be measured reliability and validity; differentiating it from related constructs.	Guilford, (1968); Wallach and Kogan, (1965)
<b>Economic</b>	Creativity ideation and behaviour are influenced by market forces and cost-benefit analysis.	Rubenson and Runco, (1992, 1995); Florida (2002); Sternberg and Lubart, (1992, 1995)
<b>Stage and Componential Process</b>	Creativity expression proceeds through a series of stages or components.	Wallas, (1926); Runco and Chand, (1995); Amabile, (1999)
<b>Cognitive</b>	Ideational thought processes are foundational to creative persons and accomplishments.	Mednick, (1962); Guilford, (1968); Finke, Ward and Smith, (1992)
<b>Problem-Solving and Expertise-Based</b>	Creative solutions to ill-defined problems result from a rational process, which relies on a general cognitive process and domain expertise.	Ericsson, (1999); Simon, (1981, 1989); Weisberg, (1999, 2006)
<b>Problem finding</b>	Creative employees proactively engage in a subjective and exploratory process of identifying problems to be solved.	Getzels and Csikszentmihalyi, (1976); Runco, (1994)
<b>Systems</b>	Creativity results from a complex system of interacting and interrelated factors.	Gruber, (1981); Csikszentmihalyi, (1988); Sawyer, (2006)

**Source:** *Kozbelt et al., (2010:27 - 28)*

According to Nieminen (2021), the underlying issues make rewarding creativity challenging:

- Various employees are driven by various reasons.
- Great innovators tend to be driven more by a desire to solve certain problems and have an effect than by a desire for financial gain.
- Most rewards have transient effects. If you decide to remove the rewards once the impact has subsided, you will probably have lower engagement and a poorer environment than it was before you began. They can provide a short-term lift, but that often wears off soon.
- Merely rewarding actions that are clear, such as generating concepts, may not provide the intended outcome of improved organisational performance. Since innovation is fundamentally a group activity,

- Individual rewards, which remain the standard, could indeed frequently be counterintuitive. Since innovation is fundamentally a group activity, individual rewards, which remain the standard, could indeed frequently be counterintuitive.
- Financial rewards would not collaborate to motivate creativity, and their ability to perhaps detract from performance in creative pursuits, which include innovation.

## **Work Environment on Employee Creativity and Innovation**

Organizations need to bear in mind that creativity encompasses more than just the identification of suitable candidates. It also entails the establishment of an appropriate work environment that fosters the flourishing of individuals' drive and creativity (Amabile, 2020). It appears that architectonic elements of the construction of the space lack an immediate impact on the creativity of inhabitants (Lin & Chang, 2020). The work environment encompasses the physical elements of office buildings, including the furniture and layout, as well as the circumstances in which employees carry out their tasks. It also encompasses the external elements that impact the organization, such as the sector or related endeavours in which the organization works, as well as the customs and regulations of the local area in which it conducts its operations (Duru & Shimawua: 2017:24). The factors that have been demonstrated to impact creativity within the physical workplace encompass aspects related to fundamental working conditions, such as lighting, temperature, sound, and spatial arrangement.

Additionally, the presence of diverse spaces, which ideally strike a balance between collaborative and individual work areas, as well as areas for relaxation or recreational activities, contribute to fostering creativity. Furthermore, the overall aesthetic appeal and interior design of the workplace also play a role in influencing creative thinking (Løkke, 2019). The function of the work environment is significant in fostering creativity. The study identified nine elements in the work environment, namely supervisory guidance, colleague coherence, transparency, command, creativity, independence, work participation, and physical comfort. A multiple regression analysis Test was undertaken to determine the significance of these factors about their impact on creativity. According to Ekmekci and Tekin (2011), there are substantial positive associations between the elements of supervisory guidance; colleague coherence; independence, and work participation with creativity. However, the factors of clarity; control; innovation and physical comfort were shown to have minimal effects.

Organizational support, hard tasks, and collegial collaboration were shown to have the greatest effect on creativity. Contrariwise there was no correlation between flexibility, encouragement from superiors, enough resources, a manageable workload, or the lack of organizational barriers (Ramos *et al.*, 2018). There was a favourable correlation between employee innovation and the provision of job assistance provided by managers and colleagues. According to Wang *et al.* (2010), the correlations discussed were influenced by intrinsic motivation. Additionally, happy mood was shown to regulate the association between supervisor support and creativity, whereas it did not affect the connection between colleague support and creativity. According to Inam Ho, Zafar, Khan, Sheikh and Najam, (2021), the provision of assistance by the organization catalyses fostering employee motivation, leading to enhanced levels of devotion and commitment towards meeting the organization's requirements for heightened innovative behaviours.

Organizational environments that promote and cultivate employee creativity and receptiveness to novel ideas are more inclined to cultivate a culture that fosters creativity. To enhance employee creativity and innovation, organizations may utilize strategies aimed at fostering employee trust. There is a positive correlation between employees' level of trust in the organization and their inclination to dedicate more time and effort towards its objectives, ultimately resulting in enhanced long-term outcomes for the organization. The establishment and maintenance of trust need the implementation of consistent team monitoring. According to Hilendarov, Georgiev, Chervenkov and Sirakov, (2023), providing employees with chances to exhibit compassion and to have clear channels of communication may foster the development of credibility in their organizations.

The physical features of a workplace have a significant impact on organizational creativity, particularly on elements such as work surfaces and access to natural daylight and views. To enhance organizational creativity as a crucial determinant in establishing a long-lasting competitive edge for the organization, it is essential to design, construct, and cultivate a working environment that has appropriate and suitable physical attributes. Top-level executives have the potential to significantly contribute to the development of innovative work environments via collaboration with professionals such as designers, engineers, architects, management of facilities, ergonomists, and procurement managers.

The impact of physical office design is only an additional factor to consider in conjunction with other organizational strategies. One benefit of prioritizing the design of workplace environments is the cost-effectiveness and ease of implementation of creativity-stimulating elements, such as plants or inspiring colours. In comparison to social-organizational strategies like reorganizing the workforce or altering leadership styles, these physical design features encounter fewer barriers to change. One further benefit is that modifications made to the physical work surroundings are readily apparent to employees. In a knowledge-based economy, the promotion of physical workspaces that stimulate creativity is considered strategically vital for human resource practices, since they play a significant role in contributing to an organization's capacity for creativity (Kafashpour & Gharibpour, 2016).

### **Employee Rewards for Creativity and Innovation**

Although largely unsuccessful for top-tier employees, motivation by remuneration may be beneficial for low-interest employees. The general agreement is that financial compensation will only be successful if it is specifically designed to enable employees to satisfy their higher requirements. Managers may successfully encourage their best employees by assisting them in achieving their major life objectives, which will increase organizational success and decrease employee turnover. Purely financial rewards do not even motivate top-tier employees if they believe their pay is comparable with that of their colleagues (Ford, 2019). Corporate leaders typically get several perks or privileges that are not given to ordinary employees. From an organization's point of view, providing these perquisites or perks makes sense to recruit and retain strong managers and inspire them to work hard for the benefit of the organization. Of these perks forty percent are long-term rewards, forty percent basic salary, twenty percent annual rewards, and ten percent benefits (DeCenzo, Robbins & Verhulst, 2016:256). Baumann and Stieglitz (2014) argued that radical breakthroughs are not more likely to be produced by prominent rewards than by impotent rewards. Although they may inspire enthusiasm and high expectations, they rarely produce ground-breaking ideas.

Prominent rewards can result in an influx of ideas, but this is not always an advantageous thing an overbearing torrent may prevent organizations from acting on several of those ideas. Impotent are preferable since they are less expensive and provide an ongoing flow of ideas that is easier to handle. The probability of four various forms of innovation product, process, organizational, and marketing innovation was examined by Doran and Ryan (2017) using data from a total of six kinds of concept-stimulating variables, such as group brainstorming, diverse or multi-functional teamwork, rotating the positions of employees, financial and non-financial rewards, and training for employees. There is proof that the best way to promote creativity is via brainstorming and interdisciplinary or multi-functional work teams. All four categories of innovation taken into consideration are determined to be more likely when these two conditions are present. Solely rotating positions have a substantial influence on organizational innovation, whereas instructing employees how to be more creative or innovative has an important effect solely on the chance of innovation in processes. All forms of innovation taken into consideration in the investigation are shown to be unaffected by financial or non-financial rewards. The critical importance of creativity-related intrinsic motivation in moderating the link between employee creativity and creativity-dependent extrinsic rewards (Lin, Shipton, Teng, Kitt, Do & Chadwick, 2022).

Extrinsic rewards tied to creativity engage in employees' ingrained demands for autonomy and connectedness (Gagné & Deci, 2005), hence they encourage motivation from within as opposed to external extrinsic variables (such as money, promotion, and recognition). Employees at the lowest echelons of the organizational structure who do jobs that do not specifically call for creativity may use this reasoning (Montag, Maertz & Baer, 2012). Job satisfaction drives as a mediating mechanism about the intrinsic reward for creativity to employee creativity. Moreover, through social cognitive theory as an overarching theory, creative self-efficacy functions as boundary conditions that moderate the linkage between employee job satisfaction and creativity (Amoah & Mdletshe, 2021). Employees' creativity is influenced by both intrinsic and extrinsic rewards. Intrinsic motivation is the most important component of creativity, and the innovator's commitment to implementing the suggested concept is the most important component. Nonetheless, contingent compensation has a negligible effect on creativity. Financial rewards are a strong predictor of frontline employee innovation as opposed to non-financial rewards. Considering that each employee is different, both intrinsic and extrinsic rewards may motivate employees. A good wage is considered the finest reward (Mdhlalose, 2022).

The interaction effect of external search and organizational support positively affects employee innovative behaviour and is fully mediated by knowledge sharing (Zhang, Xi & Xu, 2022). Both creative self-efficacy and intrinsic motivation have a direct and indirect impact on employees' behaviour to perform delightful services (Ali & Qazi, 2018). Rewards influence innovation performance (Kankisingi & Dhliwayo, 2022), although there is a broader level of convergence that rewards are necessary for promoting innovation, the points of debate revolve around what and when should be innovation rewarded (Al Darmaki, Omar & Ismail, 2019:409). It might be argued that the rewards system is crucial in encouraging employees to work creatively.

Reward systems are concentrated on the reward strategy, which derives from the organization plan, such as to achieve market advantage, and the human resource strategy, which both impacts and is influenced by the organization strategy. The two distinct types of rewards are those that promote personal development and reward motivation. Rewards motivation is the sort that comes from inside the person, a sense of accomplishment, contentment, and happiness over a task completed. Although inspiration for personal development comes from other employees or organizations (Anku, Amewugah & Glover, 2018). Intrinsic motivation has on the knowledge of employees' capacity for creativity and innovation. Irrespective of if additional factors were included in the analysis, this association correlated significantly. Secondly, interpersonal as well as transactional rewards, which are extrinsic motivators, could have a significant positive influence on creative/innovative outcomes.

Finally, extrinsic, and intrinsic motivation should ideally be considered concurrently regarding creative and innovation outputs. Interpersonal rewards have a favourable, considerable impact on creative/innovative production in addition to intrinsic drive. Regarding creativity and innovation, interpersonal rewards such as symbolical public acknowledgement, personal appreciation, and performance management may work in concert with intrinsic motivation. Yet, when combined with intrinsic drive, transactional rewards had no discernible impact on creative or innovation performance. This shows that extrinsic motivators do not always work in concert with one another, nor do they necessarily choke out creative and innovative behaviour (Fischer *et al.*, 2019).

Employees' ability to be creative and innovative is bolstered by all three types of rewards: intrinsic rewards, which have a positive effect on intrinsic motivation, extrinsic non-financial rewards, and extrinsic financial rewards, which can either encourage or discourage employees' efforts to be creative and innovative, depending on the context of the organization (Al-Mahdawi, 2016). Financial rewards greatly impact how creative and imaginative employees are. A strong yearly package free of asymmetric information components was also shown to promote employee creativity and innovation in addressing organizational issues from a variety of angles and coming up with innovative but workable solutions for advancing the organization. A financial bonus is a kind

of organizational reward that may increase staff members' innovation and originality inside the organization, improving the working environment and elevating employee performance (Onu, Lawal, Egbuta, Egwuonwu, Ayeni, & Soetan, 2022). Motivated employees are necessary to ensure the organization's continued existence since the environment in which they operate is evolving dramatically. This may be done by enhancing productivity in a novel way. Managers struggle with staff motivation, yet innovation increases employee productivity, time management, and production costs (Azeem, Hayat, Nawaz, Sajjad & Ali, 2019).

Creativity and motivation were positively associated. This demonstrates that socialization-motivated employees are eager to labour for the good of others, participate in initiatives that may do the same, and derive adequate energy from such selfless endeavours. As such, they frequently develop unique ideas or attempt new concepts, processes, or techniques in their job to successfully advance the best interests of everyone else. This helps to better produce well-being and advantages for those around them in the future. The association between socialization drive and creativity was somewhat mediated by information sharing. The correlation between knowledge sharing and socialization motivation was adversely influenced by promotion emphasis (Tian, Peng & Peng, 2021). When an organization guarantees employee liberty at work, it fosters innovation and creativity, particularly in an environment of intense competition. The research variable autonomy has a favourable, considerable impact on the employees' creativity. Employee innovation at work is directly correlated with the assistance of superiors. Employees may get ongoing feedback from their managers to help them fix their errors while being creative. This might aid the employee in developing new methods, systems, goods, and services. Employee creativity is not statistically significantly impacted by self-efficacy or work complexities (Kassa, 2021). According to Hashem, Gallear and Eldabi (2019), employees may perceive rewards differently and according to various personality factors, which might explain the conflicting results in the research on the association between rewards and creativity.

## **Recommendations**

Several constraints influenced this study: This study only relied on secondary sources. There exists a scarcity of academic literature that specifically examines the effects of employee rewards and the work environment on employee creativity. Findings from the literature review serve as the basis for the following suggestions. Organizations should take into cognisance of employees' different needs as each employee is unique and perceives rewards differently. A positive work environment plays a significant role in supporting employees' creativity; thus, organizations must ensure the establishment of an appropriate work environment that fosters the flourishing of individuals' drive and creativity. Organizations should design, construct, and cultivate a working environment that has appropriate and suitable physical attributes. Although having money does not prevent an individual from being innovative, it frequently does not assist (Amabile, 1998). Compensation seems to be a rather ineffective motivation for creativity; this often acts as a stand-in for appreciation (National Academies of Sciences, Engineering, and Medicine, 1991).

Nevertheless, extrinsic rewards like money, perks, working conditions, or corporate policies do not inspire employees, according to Herzberg's two-factor theory. They just raise performance to a satisfactory level (Herzberg, Mausner & Snyderman, 1959). Little use of extrinsic and intrinsic rewards in the organization. Organizations must not rely on money as a motivator for employee creativity. Extrinsic reward, intrinsic reward, and employee innovation all have a favourable and substantial association. Similarly, the study's findings show that extrinsic and intrinsic rewards account for thirty six point three percent of employee innovation. However, the remaining twenty six point seven percent may reflect the impact of unrelated factors and a favourable relationship between employee creativity and all extrinsic rewards factors, including compensation, fringe benefits, promotions, and bonuses. If the extrinsic compensation system is enhanced, there would be an opportunity to promote employee innovation. The impact of intrinsic and extrinsic rewards on employee

creativity varies. Intrinsic rewards have a more positive impact on employees than extrinsic rewards in terms of creativity (Niguse & Getachew, 2019).

## Conclusion and Implication

A well-defined corporate vision is crucial in directing the endeavours of employees throughout the process of conceptualizing a novel organization proposition. Organizational support, hard tasks, and collegial collaboration were shown to have the greatest effect on creativity. Creativity is hampered by extrinsic rewards for employees who are masterly goal-focused. Both employees who possess an internal locus of control and employees with an external locus of control see a detrimental impact from extrinsic rewards on their creativity. Employee rewards and a conducive work environment are a key area to fostering creative and innovative behaviour in employees, leading to greater efficiency and operational superiority. Intrinsic motivation and creative work behaviour are positively correlated and organizational support for innovation and informative extrinsic rewards are positively correlated with innovative work behaviour. Engaging in meaningful work responsibilities and/or objectives has a positive impact on creativity. Extrinsic rewards obtained via employment that may satisfy a person's intrinsic needs are what drive human behaviour. Extrinsic rewards obtained via employment that may satisfy a person's intrinsic needs are what drive human behaviour. Employees' ability to be creative and innovative is bolstered by all three types of rewards: intrinsic rewards, which have a positive effect on intrinsic motivation, extrinsic non-financial rewards, and extrinsic financial rewards, which can either encourage or discourage employees' efforts to be creative and innovative.

**Conflicts of Interest:** The author declares no conflict of interest.

**Funding:** This research received no external funding.

**Institutional Review Board Statement:** Ethical review and approval were waived for this study, due to the research does not deal with vulnerable groups or sensitive issues.

**Data Availability Statement:** The author confirms that the data supporting the findings of this study are available within the article [and/or] its supplementary materials.

## References

- Abubakar, S., Esther, G. Y., & Angonimi, O. (2020). The Effect of Financial and Non-Financial Incentives on Staff Performance. *Journal of Business and Management (IOSR-JBM)*, 22(6), 26 – 32
- Ahmad, N., Ullah, Z., AIDhaen, E., Han, H., & Scholz, M. A. (2022). CSR Perspective to Foster Employee Creativity in the Banking Sector: The Role of Work Engagement and Psychological Safety. *J. Retail. Consum. Serv.*67, 102968.
- Ali, F. H., & Qazi, A. A. (2018). The Role of Creative Self-Efficacy and Intrinsic Motivation in Delighting Customers: The Mediating Role of Positive Psychological Capital. *Pakistan Journal of Commerce and Social Sciences*, 78 – 93. <http://hdl.handle.net/10419/188336>
- Al Darmaki, S. J., Omar, R., & Ismail, W. K. W. (2019). Driving Innovation: Reviewing the Role of Rewards. *Journal of Human Resource and Sustainability Studies*, 7, 406-415. <https://doi.org/10.4236/jhrss.2019.73027>
- Al-Mahdawi, B. R. M. (2016). Understanding the Impact of Rewards on Employees' Creativity and Innovation: A Literature Review Study. Master's thesis, Blekinge Institute of Technology.
- Albert, R. S., & Runco, M. A. (1989). Independence and Cognitive Ability in Gifted and Exceptionally Gifted Boys. *Journal of Youth and Adolescence*, 18, 221-230.

- Anku, J. S., Amewugah, B. K., & Glover, M. K. (2018). Concept of Reward Management, Reward System and Corporate Efficiency. *International Journal of Economics, Commerce and Management*, 6(2), 621 - 637. <http://ijecm.co.uk/>
- Amabile, T. M. (1988). A Model of Creativity and Innovation in Organizations. In B. M. Staw, & L. L. Cummings (Eds.), *Research in Organizational Behaviour* (Vol. 10, pp. 123-167). Greenwich, CT: JAI Press.
- Amabile, T. M. (1997). Entrepreneurial Creativity through Motivational Synergy. *The Journal of Creative Behaviour*, 31(1), 18–26. <https://doi:10.1002/j.2162-6057.1997.tb00778.x>
- Amabile, T. M. (1998). How to Kill Creativity. *Harvard Business Review*, 76 (5), 76–87. <https://hbr.org/1998/09/how-to-kill-creativity>
- Amabile, T. M. (1999). Consensual Assessment - Pritzker, Mark A. & Runco Steven R. In: *Encyclopedia of Creativity*, 1st ed., San Diego: Academic Press, p.346–349.
- Amabile, T. M. (2012). Componential Theory of Creativity. <http://www.hbs.edu/faculty/Publication%20Files/12-096.pdf>
- Amabile, T. M. (2020). How Your Work Environment Influences Your Creativity. [https://greatergood.berkeley.edu/article/item/how\\_your\\_work\\_environment\\_influences\\_your\\_creativity](https://greatergood.berkeley.edu/article/item/how_your_work_environment_influences_your_creativity)
- Amabile, T. M., Hill, K. G., Hennessey, B. A., & Tighe, E. M. (1994). The Work Preference Inventory: Assessing Intrinsic and Extrinsic Motivational Orientations. *Journal of Personality and Social Psychology*, 66(5), 950.
- Amoah, R., & Mdletshe, B. (2021). The Use of Rewards to Stimulate Employee Creativity: The Mediating Moderation Role of Job Satisfaction and Creative Self-Efficacy. *International Journal of Current Science Research and Review*. 04(05), 457 – 469. <https://DOI:10.47191/ijcsrr/V4-i5-20>
- Arnold, K. D., Noble, K. D., & Subotnik, R. F. (1996). *Remarkable Women: Perspectives on Female Talent Development*. Cresskill, NJ: Hampton Press.
- Azeem, M., Hayat, A., Nawaz, R., Sajjad, H. M., & Ali, M. (2019). The Effect of Motivation on Employee Creativity: Evidence from NGO Sector in Southern Punjab, Pakistan. *The International Journal of Business & Management*, 7(2), 161 – 166. <https://DOINo.:10.24940/theijbm/2019/v7/i2/BM1902-021>
- Baumann, O., & Stieglitz, N. (2014). Do not Offer Employees Big Rewards for Innovation. *Harvard Business Review*. <https://hbr.org/2014/06/dont-offer-employees-big-rewards-for-innovation>
- Boyles, M. (2022). The Importance of Creativity in Business. *Harvard Business School Online*. <https://online.hbs.edu/blog/post/importance-of-creativity-in-business>
- Csikszentmihalyi, M. (1988). Society, Culture, and Person: A Systems View of Creativity. In R. Sternberg (Ed.), *The Nature of Creativity: Contemporary Psychological Perspectives* (pp.228-325). NY: Cambridge University Press.
- DeCenzo, D. A., Robbins, S. P., & Verhulst, S. L. (2016). *Fundamentals of Human Resource Management*. Hoboken, NJ: John Wiley & Sons.
- Doran, J., & Ryan, G. (2017). The Role of Stimulating Employees' Creativity and Idea Generation in Encouraging Innovation Behaviour in Irish Firms. *Irish Journal of Management*, 36(1). 32-48. <https://DOI:10.1515/ijm-2017-0005>
- Duru, C. E., & Shimawua, D. (2017). The Effect of Work Environment on Employee Productivity: A Case Study of Edo City Transport Services Benin City, Edo State Nigeria. *European Journal of Business and Innovation Research*, 5(5), 23-39. <http://www.eajournals.org/>
- Ekmekci, A. K., & Tekin, B. (2011). The Examination of the Relationship between Creativity and Work Environment Factors with a Research in White-Goods Sector in Turkey.

- Ericsson, K. A. (1999). Creative Expertise as Superior Reproducible Performance: Innovative and Flexible Aspects of Expert Performance. *Psychological Inquiry*, 10, 329–333.
- Fetrati M. A., & Nielsen, A. P. (2018). The Association between Creativity and Innovation: A Literature Review, the ISPIM Innovation Conference – Innovation, the Name of The Game, Stockholm, Sweden on 17-20 June 2018. [www.ispim.org](http://www.ispim.org)
- Finke, R. A., Ward, T. B., & Smith, S. M. (1992). *Creative cognition: Theory, Research, and Applications*. Cambridge, MA: MIT Press.
- Fischer, C., Malycha, C. P., & Schafmann, E. (2019). The Influence of Intrinsic Motivation and Synergistic Extrinsic Motivators on Creativity and Innovation. *Front. Psychol.* 10:137. <https://doi.org/10.3389/fpsyg.2019.00137>
- Florida, R. (2002). *The Rise of the Creative Class and how it's Transforming Work, Leisure, Community and Everyday Life*. NY: Basic Books.
- Ford, S. (2019). Income as Incentive: An Examination of Money as a Motivator among Top Tier Employees. *PM World Journal*, 8(2), 1 - 11. <http://www.pmworldlibrary.net/>
- Gagné, M., & Deci, E. L. (2005). "Self-Determination Theory and Work Motivation." *Journal of Organizational Behaviour*, 26: 331-362.
- Getzels, J. W., & Csikszentmihalyi, M. (1976). *The Creative Vision: A Longitudinal Study of Problem Finding in Art*. NY. New York: Wiley.
- Gruber, H. E. (1981). *Darwin on man: A Psychological Study of Scientific Creativity*, (2nd edition). Chicago: University of Chicago Press.
- Guilford, J. P. (1968). *Creativity Intelligence and Their Educational Implications*. CA: Knapp.
- Hashem, M., Gallear, D., & Eldabi, T. (2019). The Role of Motivation in Enhancing Employees Creativity: A Literature Review" in *Annual PwR Doctoral Symposium 2018–2019*, KnE Social Sciences, 64–77. <https://DOI10.18502/kss.v3i25.5191>
- Helson, R. (1999). A Longitudinal Study of Creative Personality in Women. *Creativity Research Journal*, 12 (2), 89–101. [http://doi.org/10.1207/s15326934crj1202\\_2](http://doi.org/10.1207/s15326934crj1202_2)
- Herzberg, F. I., Mausner, B., & Snyderman, B. (1959). *The Motivation to Work*. 2nd ed. NY. New York: John Wiley.
- Hilendarov, A., Georgiev, A., Chervenkov, L., & Sirakov, N. (2023). Employee Creativity, Acceptable Work Environments, and Transformational Management. *Global Research Review in Business and Economics [GRRBE]*, 9(2), 20-31. <https://doi.org/10.56805/grrbe>
- Inam, A., Ho, J. A., Zafar, H., Khan, U., Sheikh, A. A., & Najam, U. (2021). Fostering Creativity and Work Engagement through Perceived Organizational Support: The Interactive Role of Stressors. *SAGE Open*, 11(3), 1- 16. <https://doi.org/10.1177/21582440211046937>
- Kafashpour, A., & Gharibpour, M. (2016). The Relationship between Physical Workplace Attributes and Organizational Creativity, Case Study: Knowledge-based Companies. *Armanshahr Architecture & Urban Development*, 9(16), 105-114.
- Kankisingi, G. M., & Dhliwayo, S. (2022). Rewards and Innovation Performance in Manufacturing Small and Medium Enterprises (SMEs). *Sustainability*, 14, 1737. <https://doi.org/10.3390/su14031737>
- Kassa, E. T. (2021). Examining Employee's Creativity in Commercial Bank of Ethiopia Woldia Branches. *Journal of Innovation and Entrepreneurship*, 10(1), 1 - 12. <https://doi.org/10.1186/s13731-021-00178-0>
- Kozbelt, A., Begheto, R. A., & Runco, M. A. (2010). Theories of Creativity - Kaufman, James C. & Sternberg, Robert J. In: *The Cambridge Handbook of Creativity*, 1st ed., NY: Cambridge University Press, 20–47.
- Løkke, S. B. (2019). *Physical Work Environments for Creativity*. Master's thesis, The Arctic University of Norway.

- Lin, S. Y., & Chang, H. I. (2020). Does Open-Plan Office Environment Support Creativity? The Mediating Role of Activated Positive Mood. *Creativity Studies*, 13(1), 01-20. <https://doi.org/10.3846/cs.2020.10332>
- Lin, C. V., Shipton, H., Teng, W., Kitt, A., Do, H., & Chadwick, C. (2022). Sparking Creativity Using Extrinsic Rewards: A Self-Determination Theory Perspective. *Human Resource Management*, 723 - 735. <https://doi.org/10.1002/hrm.22128>
- Lussier, R. N., & Hendon, J. R. (2020). *Fundamentals of Human Resource Management: Functions, Applications, Skill Development*. 2nd ed. Los Angeles, California: Sage Publications, Inc.
- Mai, A. N., Vu, H. V., Bui, B. X., & Tran, T. Q. (2019). The Lasting Effects of Innovation on Firm Profitability: Panel Evidence from a Transitional Economy. *Economic Research-Ekonomska Istraživanja*, 32(1), 3417–3436. <https://doi.org/10.1080/1331677x.2019.1660199>
- Malik, M. A. R., Choi, J. N., & Butt, A. N. (2019). Distinct Effects of Intrinsic Motivation and Extrinsic Rewards on Radical and Incremental Creativity: The Moderating Role of Goal Orientations. *Journal of Organizational Behaviour*, 40(9-10), 1013 - 1026. <https://doi.org/10.1002/job.2403>
- Mbebeb, F. E. (2019). Rewarding Creative Problem Solving and Expectations for Creative Motives, Competence and Satisfaction of Workers during Critical Incidents. *IAFOR Journal of Psychology & the Behavioural Sciences*, 5, 21 – 41.
- McLean, L. D. (2005). Organizational Culture's Influence on Creativity and Innovation: A Review of the Literature and Implications for Human Resource Development. *Advances in Developing Human Resources*, 7(2), 226-246.
- Mdhlalose, D. (2022). The Innovative Employee: The Assessment of Reward Equity on the Predisposition to Make Creative Contributions through Literature Review. *Journal of Human Resource and Sustainability Studies*, 10, 433-448. <https://doi.org/10.4236/jhrss.2022.103026>
- Mednick, S. A. (1962). The Associative Basis of the Creative Process. *Psychological Review*, 69, 220-232.
- Montag, T., Maertz, C. P., Jr., & Baer, M. (2012). A Critical Analysis of the Workplace Creativity Criterion Space. *Journal of Management*, 38(4), 1362–1386.
- National Academies of Sciences, Engineering, and Medicine. (1991). *People and Technology in the Workplace*. Washington, DC: The National Academies Press. <https://doi.org/10.17226/1860>
- Nieminen, J. (2021). How to Reward Employees in Innovation Programmes. <https://www.viima.com/blog/how-to-reward-innovation>
- Nieuwenhuizen, C. (2015). *Basics of Entrepreneurship*. 3rd ed. Claremont: Juta.
- Nigusea, G. T., & Getachew, H. (2019). The Effect of Reward System on Employee Creativity in Oromia Credit and Saving Share Company (Ocscsco) Case of Bale Zone Branch. *Journal of Higher Education Service Science and Management*, 2(1), 1 - 20. <https://core.ac.uk/>
- Onu, C., Lawal, B., Egbuta, E., Egwuonwu, E., Ayeni, D., & Soetan, T. (2022). Exploring the Effect of Cash Bonuses on Employees' Innovativeness and Creativity in the Nigerian Banking Sector. *International Journal of Management and Sustainability*, 11(4), 248–257. <https://doi.org/10.18488/11.v11i4.3227>
- Porter, L. W., & Lawler, E. E. (1968). *Managerial Attitudes and Performance*. Homewood, IL: Dorsey Press.
- Ramos, M. A. W., Figueiredo, P. S., & Pereira-Guizzo, C. (2018). Antecedents of Innovation in Industry: The Impact of Work Environment Factors on Creative Performance. *Innovation & Management Review*, 15(3). <https://www.doi10.1108/inmr-05-2018-0032>
- Rooks, G., & Oerlemans, L. (2005). South Africa: A rising star? Assessing the X-effectiveness of South Africa's national system of innovation. *European Planning Studies*, 13(8), 1205–1226.
- Rubenson, D. L., & Runco, M. A. (1992). The Psychoeconomic Approach to Creativity. *New ideas in Psychology*, 10, 131-147.
- Rubenson, D. L., & Runco, M. A. (1995). The Psychoeconomic View of Creative Work in Groups and Organizations. *Creativity and Innovation Management*, 4, 232-241.

- Runco, M. A. (Eds) (1994). *Problem Finding, Problem Solving and Creativity*. Norwood NJ: Ablex.
- Runco, M. A., & Chand, I. (1995). *Cognition and Creativity*. *Educational Psychology Review*, 7, 243-267.
- Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research Methods for Business Students*. 8th ed. United Kingdom: Pearson.
- Sawyer, R. K. (2006). *Explaining Creativity: The Science of Human Innovation*. NY: Oxford University Press.
- Simon, H. A. (1981). *The Sciences of Artificial*. 2nd ed. Cambridge, MA: MIT Press.
- Simon, H. A. (1989). *The Scientists as Problem Solver*. In D. Klahr & K. Kotovsky (Eds), *Complex Information Processing: The Impact of Herbert A. Simon* (pp. 375-398). Hillsdale, NJ: Erlbaum.
- Sternberg, R. J., & Lubart, T. I. (1992). *Buy Low and Sell High: An Investment Approach to Creativity*. *Current Directions in Psychological Science*, 1(1), 1–5.
- Sternberg, R. J., & Lubart, T. I. (1995). *Defying the Crowd: Cultivating Creativity in a Culture of Conformity*. NY: Free Press.
- Tian, X., Peng, X., & Peng, X. (2021). *Influence of Prosocial Motivation on Employee Creativity: The Moderating Role of Regulatory Focus and the Mediating Role of Knowledge Sharing*. *Front. Psychol.* 12:704630. <https://doi.org/10.3389/fpsyg.2021.704630>
- Wallach, M. A., & Kogan, N. (1965). *Modes of Rethinking in Your Children*. NY: Holt, Reinhart & Winston.
- Wallas, G. (1926). *The art of thought*. NY: Harcourt Brace and World.
- Wang, K., & Holahan, P. (2020). *The Effect of Monetary Reward on Creativity: The Role of Motivational Orientation*. *Journal of Creativity and Business Innovation*, 6, 18 – 35. <http://www.journalcbi.com/effect-of-monetary-reward-on-creativity.html>
- Wang, D., Xue, H., & Su, H. (2010). *Influence of Work Support on Employee Creativity: An Empirical Examination in the People’s Republic of China*. *African Journal of Business Management*, 4(8), 1546-1553. <http://www.academicjournals.org/AJBM>
- Weisberg, R. W. (1999). *Creativity and knowledge: A challenge to theories*. In R.J. Sternberg (Ed.) *Handbook of creativity* (pp.: 226-250). New York: Cambridge University Press.
- Weisberg, R. W. (2006). *Creativity: Understanding innovation in Problem Solving, Science, Invention, and the Arts*. Hoboken, NJ: Wiley.
- Woodman, R. W., Sawyer, J. E., & Griffin, R. W. (1993). *Toward a theory of organizational creativity*. *The Academy of Management Review*, 18(2), 293–321. <https://doi.org/10.2307/258761>
- Zhang, Y., Xi, W., & Xu, F. Z. (2022). *Determinants of Employee Innovation: An Open Innovation Perspective*, *Journal of Hospitality Marketing & Management*, 31(1), 97-124, <https://DOI:10.1080/19368623.2021.1934933>