

DEVELOPING FUTURE LEADERS: THE ROLE OF HUMAN RESOURCES IN FOSTERING INNOVATIVE LEADERSHIP

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Abstract: The development of future leaders is a critical issue for modern organizations facing increasing challenges and rapid changes in the business environment. Leadership skills are multifaceted, as leaders are a blend of numerous professional activities and competencies that, through innovation, open the door to the future. Therefore, the foundations of leadership are directly linked to the tools and skills managers must possess to navigate the dynamics of global business practices. For organizations aspiring to remain competitive in a dynamic environment, the development of future leaders is crucial. Human Resources (HR) play a significant role in identifying, developing, and empowering innovative leaders who not only keep pace with change but also shape it. The essence of developing HR towards the future lies primarily in creativity based on knowledge, the development of human capital, and a corporate culture with a multidimensional aspect. HR is a multidisciplinary organizational function that draws on theories and ideas from various fields such as management, psychology, sociology, and economics. There is no single best way to manage human resources, nor has any manager formulated an effective approach to HR management, as people are complex beings with complex needs. Effective HR management largely depends on the causes and conditions provided by the organizational environment. Therefore, this research addresses how HR can promote leadership development through strategies that support innovation in leadership, leadership team diversity and skills, transparency, principles of decentralized leadership, and emotional intelligence. Special emphasis is placed on innovative approaches that enable leaders to develop critical thinking, agility, and the ability to solve complex problems in changing situations. The paper also analyzes the methods organizations can use to cultivate a culture of innovative leadership and the challenges faced by HR teams in these processes. A key objective of this research is to analyze contemporary practices and provide insights into the critical elements necessary for building innovative leadership within organizations to meet future challenges.

Keywords: Human Resources, Innovation, Human Capital and Corporate Culture

Field: Management

1. INTRODUCTION

A global characteristic of contemporary business is the constant change in business practices, the environment in which business is conducted, and the imposition of increasingly strict standards. The race for a position in the global, as well as the national, market is becoming more exhausting and difficult. Competition among organizations and companies whose core activities are the same or similar is becoming more rigorous and advanced. In order for a business to survive, competing companies must constantly improve their operations and working methods. In addition, companies and smaller firms, in order to achieve their maximum competitiveness, must specifically focus on the quality of the services and products they offer, as well as the development of leaders and leadership that can meet future challenges. Therefore, direct competitiveness in quality also implies the quality of business, which is manifested through management and the identification of the right leaders.

In order to examine in greater detail the aspects of human resource management through the development of future leaders, which is the focus of this paper, it is necessary to first review the concepts we will be addressing throughout the paper. These concepts serve as the foundation for building upon the more complex forms that emerge. By analyzing various theories and definitions related to this issue, we arrive at a common conclusion: that human resources, in their essence, constitute the workforce, and that this type of resource may be the most crucial for the efficient functioning and coordination of the economy and the social order as we know it. Therefore, human resources are vital for economic development, as they drive progress and serve as a means for coordinating other resources to achieve the goals necessary for the functioning and advancement of society.

The term “human resources,” in its most basic sense, refers to the individual—humankind—and, as a concept, encompasses more than just employees or personnel within an organization. The concept of “human resources” does not solely include workers, but also their values, skills, capabilities, results, potential, and competencies. In other words, this term encompasses the overall potential of the individual

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as an employee, or as a key contributor to an organization.

In addition to possessing significant capital for the development of a company or enterprise, a key aspect of competition among organizations lies in the pursuit of skilled, creative, and educated professionals. These individuals can take on leadership roles, using their innovative capabilities to drive progress and shape the future. The primary factor of competitiveness and market advantage is people—their development, capabilities, motivation, and job satisfaction. In a word, “human resources” can serve as the core resource for improving the productivity of any organization.

This paper focuses on the strategic development of leadership innovation through specific methods, principles, and techniques aimed at fostering critical thinking, a multidimensional approach to management, and emotional intelligence. The methodological analysis examines the approaches organizations can employ to cultivate a culture of innovative leadership, while also addressing the challenges faced by human resource teams during these processes.

2. METHODS AND MODELS FOR LEADERSHIP DEVELOPMENT

The explicit development of a methodological concept for human resource management is outlined by the Michigan School, which emphasizes that the human resource management system and organizational structure should align with the organization’s strategy. This alignment involves the development of specific models and methods (Widyatmoko, Pabbajah, Widyanti, 2020). The same authors suggest that there is a human resource cycle for developing future leaders, comprising four generic processes or functions that are carried out in all organizations. These include selection, evaluation, rewarding, and development, with selection being the initial and foundational step.

The direct focus on achieving this methodological approach and generic process for business values can also be developed through the concept of human resource management. This approach includes direct support for leadership development, largely driven by innovation and rooted in the philosophy of management and business operations. In this way, the representation of organizational interests is encouraged, with particular emphasis on strategic integration and a strong corporate culture. This culture stems from the vision of top management leadership, which requires individuals who are dedicated to the strategy, adaptable to change, and aligned with the organization’s culture (Tessema et al., 2022).

Implicitly, it can be argued that the development of future leaders is too critical to leave solely to HR managers—it is a necessity rather than a rhetorical question (Tutar & Sarkhanov, 2020). Authors such as Aust, Matthews, and Muller-Camen (2020) have observed that human resource management policies are a shared asset tailored to drive business value and adapt to new paradigms. This ensures that human resources remain sustainable amidst shifting business objectives.

At the same time, the promotion of innovative leadership is developed through human resources, with direct support for individuals capable of learning, adapting, innovating, and generating creative energy. When properly motivated, this creative force can, on one hand, ensure the long-term survival of the organization and, on the other, cultivate future leaders (Moldoveanu & Narayandas, 2019). This approach creates a unique human capital resource, which can be considered an asset within an organization or enterprise. To maximize this resource, additional efforts and human resource management strategies are required to attract, retain, and nurture qualified, dedicated, and motivated leadership.

The process of Human Capital Management (HCM) is closely related to human resource management. To this end, steps must be taken to assess and meet future leadership needs that can achieve organizational goals. This depends on the incentivizing and innovative actions of human resources, as well as the development of inherent capacities through measurable contributions, learning potential, and continuous development.

This also involves talent management—a process of acquiring and nurturing talent through a set of interdependent human resource management policies and practices in areas such as resource allocation, learning and development, performance management, and succession planning (Gerhart & Feng, 2021). However, the focus of HCM lies primarily in the use of metrics (measuring HR and workforce performance) as a tool to guide strategies and practices in people management, particularly through leadership roles.

Authors Sohel-Uz-Zaman, Anjalin, and Khan (2019) highlight Watson Wyatt’s research in identifying four categories of human resource practices linked to human capital management practices and market value. These practices emphasize the pivotal role of a distinguished leader

in increasing capital value by boosting shareholder returns by 30%. A similar model of organizational performance is outlined by Nalbantian and colleagues, based on organizational performance frameworks developed by Mercer HR Consulting. This model is grounded in elements such as people, work processes, management structure, information and knowledge, decision-making, and rewards. Each of

these elements operates differently within an organizational context, creating a unique “DNA” for the organization (Al-Dalahmeh, 2020).

When these elements are developed independently, as often occurs, the potential for cultivating leaders within human resources becomes misaligned. This misalignment prevents the optimization of human capital, significantly limiting the prospects for positive future growth—for both leaders and the organization.

Identifying these opportunities requires disciplined measurement of an organization’s human capital assets and the management practices that influence their performance. Mercer (2021) employs a statistical tool called Internal Labour Market Analysis, which relies on ongoing employee and labor market data to analyze the actual experiences of employees, rather than merely considering the stated HR programs and policies. This approach helps to identify business goals and comparatively assess human capital potential, particularly how leadership can support these objectives.

Direct measurement of human capital value is achieved through assessments of individuals’ capabilities, growth potential, and alignment with organizational values. These individuals, identified as potential leaders, can contribute to achieving both current and future organizational goals. Methods and metrics used to determine the efficiency of human capital capable of producing standout leaders are often reflected in the “value added per person,” where the most critical indicator of human capital value is the level of expertise within the organization (Pasamar, Diaz-Fernandez, de La Rosa-Navarro, 2019). Their suggestion is to first analyze this identification through the organization’s core competencies and then evaluate it through employee satisfaction surveys.

3. STRATEGIC LEADERSHIP DEVELOPMENT

A key characteristic of the human resource management system is its strategic orientation, grounded in its multifaceted nature. This characteristic is embodied in the concept of Strategic HRM—an integrated approach to developing HR strategies that enable an organization to achieve its goals while simultaneously fostering the development of future-oriented leaders.

The initial phase of this strategic orientation towards leadership development and positioning involves a long-term direction cultivated by the organization. This entails aligning resources with the dynamic environment, markets, clients, and customers to identify stakeholders who may become future leaders (Obuba, 2022). Through this targeted strategy focused on leadership development, the organization defines the direction it intends to take in relation to its environment. This is a process of articulating intentions and allocating or aligning resources with opportunities and needs, based on a resource-based strategy.

The strategic vision for developing future leaders also encompasses implementation, which involves change management and planning—key aspects of the strategy aimed at achieving strategic alignment. The human resources approach to identifying leaders begins with a plan that defines the course of action, followed by consistency in behavior, which reflects the vision and perspective of both the organization and its leaders (Collins, 2022).

The strategic approach to human resource management focuses on meeting the organization’s human capital needs and developing new leaders. As Penrose suggests, strategic human resource management can be viewed as “administrative organization and a set of productive resources,” which, in the context of globalization, gains significant importance as such resources are considered unique and irreplaceable (According to: Lau & Michie, 2024). This perspective is further developed by Hamel and Prahalad, who argue that competitive advantage in globalization is achieved through a model in which a company can acquire and develop human resources that enable it to learn faster and more effectively apply its learning compared to its rivals (According to: Danook & Al. Obaidy, 2024).

The need for a strategic approach to developing leaders who can achieve future goals must be a perspective supported at all levels of the organization, primarily by the human resources teams. These teams should simultaneously develop plans and methods for classifying potential future leaders. This also entails numerous innovative activities, including models of desirable strategic thinking, responsibility for assuming leadership roles, and the broader impact that future leaders must have (Samimi et al., 2022). Openness to criticism and self-improvement, along with a commitment to lifelong learning, are further components of human resources’ approach to leadership development for the future. What human resources must recognize is that, at every level of the company, there are potential leaders to be “discovered” within employees who frequently demonstrate an innate tendency to take responsibility, find solutions to problems, and motivate others (Akdere & Egan, 2020). Early identification of these new leaders allows for a focus on developmental initiatives, such as leadership training, challenging assignments, and

training programs, as well as motivation development. All of these can create a foundation for accepting the leadership role in the future. The literature highlights several significant activities that human resources should incorporate into the preparation of new leaders, with an emphasis on investing in foundational training programs that provide potential leaders with the skills and knowledge they need. Additionally, workshops focused on team building, change management, strategic thinking, effective communication, and ethical decision-making in leadership development are essential (Kremer, Villamor, Aguinis, 2019).

Acquiring new knowledge can also be achieved through knowledge transfer, where new leaders can adopt organizational-level insights from experienced leaders who should provide support. Through the synergy of personal engagement, a strong foundation for leadership development is established, helping to highlight both the strengths and weaknesses they possess. The system of practices emerges as a crucial element in applying learned skills, where potential leaders can observe experienced leaders, thus entering the complex system of leadership operations while also achieving their personal development.

4. ORGANIZATIONAL CULTURE OF HUMAN RESOURCES IN LEADERSHIP

Human resources focused on developing new leaders have a special obligation to take a qualitative approach in ensuring and developing all available resources so that they are beneficial to the organization. This ensures a broader focus on the quantitative and business-strategic aspects of human resource management, which is driven "rationally" (Hajjali et al., 2022). In line with these claims, earlier, the author Guest (1991) commented that the human resource approach must be driven by external threats in order to compete with rivals, where investment in human resources is a priority that can maintain a high level of quality for future leaders as well as corporate culture.

Considering these views, we can emphasize the direct interests of management, which should be integrated with the business strategy through human resource development processes and the development of new leaders who can manage both performance and the needs of a strong corporate culture with its mission and values. Achieving this goal is only possible through enhanced communication, training, and motivation for leadership.

In the domain of organizational and corporate culture, it should be understood that, as a result of the interactions and communications between employees within an organization, there emerge shared values, beliefs, and behavioral norms among its members. In this context, the leader occupies a special position, acting as a sort of bridge, embodying behaviors that human resources should recognize and prepare for in the development of new leadership roles (Banmairuroy, Kritjaroen, Homsombat, 2022). If organizational culture is defined as a set of beliefs, behavioral norms, values, and assumptions adopted and developed by the members of an organization through shared experience, which then directs their behavior and thinking, the leader, as a distinct bearer of power, must be grounded in these specific values.

The core values of a leader and their power in the global society are tied to employees within the organizational culture, which enhances communication among employees, fosters a climate that encourages innovation and creativity, links all rewards to good performance, and creates and maintains a sense of satisfaction and success from high-quality work. Furthermore, it ensures conditions in which every idea can be presented. Organizational culture itself is an extremely important factor in the strategic decision-making process, as it encompasses the beliefs and assumptions held by decision-makers in the organization, which influence final decisions. The domain of leadership, as a manifestation of power, can be considered a significant premise in the social changes that may follow. The assumptions imposed by organizational culture during this period determine whether strategic decisions are correct or not, confronting every future leader with potential obstacles and preparing them for their future roles. As the culture strengthens, which is simultaneously homogeneous, its influence on strategic decisions also grows.

Organizational culture acts as a determinant and reflects the overall capability of the company, establishing itself as a significant segment that demonstrates how the culture, the leader, and the employees adapt to changes in their environment. A culture that emphasizes openness and flexibility towards global events often creates the assumption that the company is successful. The value system and beliefs of successful companies prioritize the need for continuous adaptation to environmental changes, which every future leader must monitor (Moldoveanu, Narayandas, 2019). However, organizational culture can also have a very negative impact on the company's ability to adapt to changes, in the sense that it can block change or even prevent top management from recognizing the need for change.

Numerous changes, both in society and in the way organizations operate, are implemented through organizational culture, which makes a significant contribution, not only from already developed but also from future leaders, in reducing conflicts within the organization. The most common cause of conflicts in

an organization is the existence of different and incompatible reference frameworks that are used to better understand the environment (Meng, Berger, 2019). Conflict is inevitable when two or more individuals, who have different assumptions, values, and beliefs about the environment, find themselves in a situation where they need to work together or make decisions. A strong culture prevents such a possibility.

The development of a unique organizational culture, which human resources implement through leadership development, also serves as a strong motivator, fostering a sense of identification with the organization among its members. This allows individuals to satisfy their need for belonging, which can only be achieved if they identify with their organization. Employees' identification with the organization will be possible only if it possesses a strong culture.

One of the most significant sources of organizational culture is the personality of the dominant leader, who is developed from the existing human resources and plays a crucial role in crisis situations (Bhaduri, 2019). This source of organizational culture represents a process in which the leader imposes their own assumptions, values, and beliefs onto the employees within the company, thereby embedding them into the content of the organizational culture. Leaders of an organization undoubtedly hold the greatest power and, as such, have the ability to control all resources. If they choose, they can direct this power not only to ensure the acceptance of their orders by subordinates but also to have their opinions adopted as their own. The leader participates in all communications, especially during times of change, as they are the central figure in these processes. For this reason, they are in a position to impose their beliefs and attitudes on others.

Historically, the majority of great leaders have emerged during times of major conflicts, when society as a whole also underwent periods of crisis and adaptation. All of these leaders went through a period of learning and development, which was deeply rooted in human capital, or human resources.

5. CONCLUSION

One of the biggest challenges faced by companies striving for sustainable success in the global market is the training of the next generation of leaders. Since they serve as strategic partners in identifying, developing, and empowering talent capable of responding to future challenges, human resources play an indispensable role in this process. Fostering innovative leadership that combines visionary thinking, flexibility, and the ability to motivate and direct teams towards common goals is crucial.

Human resources must create an environment that encourages learning, creativity, and adaptability in order to produce leaders of the future. The competencies required of today's leaders are developed through initiatives such as talent management, mentoring, and tailored training programs. In addition to developing technical leadership skills, human resources must also focus on the development of emotional intelligence in future leaders, as this skill impacts interpersonal relationships, corporate culture, and teamwork. Therefore, the future leader must be a bearer of change and a driver of innovation, thereby gaining the trust and shared values of the organization. Essentially, the role of human resources in creating new leaders should not be viewed solely as operational but also as transformational, as it influences the continuous shaping of the organization, where the needs of society and the market are recognized.

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