Navigating sustainable innovation: exploring the interplay between workplace happiness and the dynamics of leadership, empowerment and organizational culture in the context of green management and circular economy

Sobia Anwer*, Mustafa Hyder

Abstract

This study explores the impact of employee innovation on organizational success, focusing on influential leadership, suitable working environments, and autonomy. It highlights the role of workplace happiness, supportive or non-supportive colleagues, and job stress in fostering creativity. The study presents a model predicting innovative behavior in Karachi, Pakistan, bridging the gap between conceptual foundation and practical application. The study investigates the impact of workplace happiness, transformational leadership, psychological empowerment, and organizational culture on employee innovative behavior through Smart PLS. Survey data from 327 employees from Karachi hotels revealed that remodeling leadership, psychosomatic authorization, and firm culture stimulate creativity. Job anxiety also decelerates individual innovativeness. The PLS-SEM analysis reveals that transformational leadership, organizational culture, workplace happiness, and job stress significantly influence innovative behavior, accounting for 42% of the variance. The study examines the impact of remodeling leadership, psychosomatic authorization, and firm culture on employee contentment and innovative behavior. Transformational leadership is crucial for fostering innovation and creativity, while workplace happiness is essential for organizational success. Coworker support doesn’t significantly influence innovative behavior, but job insecurity can lead to animosity and competition. Empowerment strategies don’t significantly influence employee innovative behavior, but their success depends on corporate culture and implementation. Organizational culture significantly influences employee creativity, and job stress negatively impacts performance. The study’s generalizability may be limited due to the hotel industry’s inflated occupancy rates and staff availability issues, which may hinder data collection in diverse business contexts.

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Keywords: Employee Innovative behavior, workplace happiness, transformational leadership, psychological empowerment, and organizational culture.

INTRODUCTION

There are many definitions of the word innovation, it is not just the initiation or discovery of a thought; but to utilization and capitalize the required acquaintance for its progression and viability (Mukherjee, 2021). So far innovation is not merely related to
triggering new ideas but also making it practicable, attainable, and doable. Innovative behavior is the deliberate initialization of thoughts, creative conduct of attitudes, and amalgamation of novel notions, practices, procedures, techniques, and trials of introducing a new product within a person or crowd of an organization (Filippopoulos et al., 2022). Furthermore, sketched eloquently by Zaim, Demir, And Budur (2021) to value the individual’s performance or group performance for organizations and society holistically; innovation is an efficient and generally improved version of a technique or perception. It is an incarnation of the idea, the composition of plan, emulsion, or admixture of wisdom, literacy, and eruditeness in potent products, procedures, or services. The preeminent and covert abstract for the survival of an organization lies in the concoction, creation, and inventive conduct of its people; who garner, recast, revamp, and execute them (Kwon & Kim, 2020). Factors that motivate innovative behavior in employees are fundamental and critical in the ongoing debate. Inventiveness and innovative behavior have been hyped in recent times and become imperious, because of modified organizational surroundings, integrated global economy, less border demarcation, and soaring competitive demand; notwithstanding made this topic an area of further research (Maital & Barzani; 2020; Aktar et al., 2021).

Scholars have proposed various definitions of happiness in the workplace, including psychological well-being, subjective well-being, positive outlooks, joyful savvy, and favorable understanding (Mendoza-Ocasal et al., 2021; Kun & Gadanecz, 2022; Sahai & Mahapatra, 2020). Workplace happiness is categorized by personal attributes and social atmosphere and environment peculiarity and can be achieved by focusing on all possible components that contribute to achieving desired outcomes (Rastogi, 2020; Alagaraja, 2020; Fitriana, Hutagalung, Awang & Zaid, 2022). Consumer service firms, particularly in the hospitality sector, are fostering constructive ingenious attitudes and behaviors among employees (Lee, Yun, Diaz & Duque, 2021; Hernandez-Perlines et al., 2020). These organizations require proactive, innovative behavior, and high expectations from management to enhance service quality and performance, ultimately leading to improved customer satisfaction (Han et al., 2020; Karatepe, Aboramadan & Dahleez, 2020).

Tourism growth is crucial for economic development in underdeveloped countries, with Pakistan ranking 83rd out of 117 in the Travel and Tourism Development Index (TTDI) 2021. Despite challenges such as political uncertainty, safety, and a negative global image, the industry has experienced growth, particularly in the hotel and tourism sector (Pulido-Fernandez & Cardenas-Garcia, 2021; Azam et al., 2022; Rehman et al., 2020). The industry’s direct impact on GDP is estimated at 7.6 billion USD in 2016, with an expected 5.1% increase until 2017 and 8.0% per annum by 2027. The occupancy rate has increased significantly, with foreign visitors increasing from 30-70% in 2015 to 50-50% in 2016 (WTTC, 2017). An ample number of factors hypothetically emphasize on innovative behavior of employees comprising; workplace happiness, modified leadership, psychological authorization, corporate culture, coworker support, and job stress. The study also explores the impact of remodeling leadership, psychological delegation of authority, and firm culture on employees’ innovative behavior regarding workplace happiness. Transformational leadership encourages employees to utilize their creative skills to create incredible outcomes (Gu et al., 2022). It focuses on individual needs rather than chasing after them, providing a platform for employees to exercise their talents (Begum et
This approach includes intellectual stimulation and individualized consideration, making it a widely accepted and acclaimed theory (Asif et al., 2022). Psychological empowerment is an intellectual perspective characterized by self-propulsion and task initiation, influenced by four aspects: meaning, impact, self-determination, and competence (Nguyen & Doan, 2023). It is sustained in organizations by managers' assurance that employee ideas enhance productivity and workplace happiness (Gyamerah et al., 2022). Organizational culture is a network of activities and connections among members, fostering a positive environment and fostering creativity. It involves customer orientation, managing change, achieving goals, and fostering teamwork (Jamali et al., 2022). Cultural activities focus on customer orientation, managing change, and achieving goals.

Cultural cultivation leads to workplace happiness and an innovative climate, promoting a satisfactory environment and creativity (Arghode et al., 2022). Strong work bonds foster creativity and innovation among employees (Haitao, 2022). However, work stress can suppress innovative behavior and negatively impact productivity and performance, as employees are more likely to share their expertise and help their colleagues (Ghafoor & Haar, 2022). Employee innovative behavior, particularly in the hotel industry, is a crucial aspect of the industry (Jan et al., 2021). However, Pakistan's share in the global tourism industry is only a few hundred million, largely due to its subjective well-being. A happy worker is more proactive and productive, reducing resource costs and maintaining a proficient work agenda.

One of the main challenges in producing innovative employees is managing the climate of innovation, as employees become accustomed to their status quo and may only change their behavior when crises arise (Huo et al., 2021). A successful organization's culture is shaped by individual leaders, who must foster innovation, address challenges in delegation, and provide support to employees, ensuring a balance between work and family life. The study focuses on individual innovative behavior in the service industry, a field with less attention in previous research. Challenges include constructing a model integrating workplace happiness, job stress, and coworker support. The study aims to explore employee innovative behavior in Karachi, Pakistan, an untapped market. The Travel and Tourism industry is expanding rapidly, with 1.337 million jobs in 2016 and 1.757 million in 2027 (Rehman et al., 2020; Azam et al., 2022). Investigating employee innovative behavior is crucial for economic expansion and stability in the country.

**SIGNIFICANCE OF THE STUDY**

The study explores the impact of leadership, psychosomatic empowerment, and corporate culture on employee creativity in hotel corporations. It aims to create an environment conducive to productivity and performance through creative conduct. Transformational leadership encourages innovative ideas, while psychological empowerment enhances team integration and competitiveness. A happy atmosphere reduces anxiety and work pressure, promoting subjective well-being. Understanding these factors will help researchers explore more factors fostering innovative behavior (Balkar, 2020).
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LITERATURE REVIEW

Organizations are embracing technology to gain a competitive edge and become more cohesive. To achieve sustainability, firms rely on employees’ creativity in procedures, processes, techniques, and systems. Employees’ innovative behavior is crucial for productivity and benefit. Scholars are exploring factors to enhance innovative capabilities (Hoang et al.,2022).

THEORETICAL BACKGROUND

Blau’s Theory of Social Exchange (1964) links micro-societal philosophy with macro-community-based social structure. It suggests that workforces can practice unique, divergent communal interchange associations with managers, workmates, firm employees, clients, and brokers (Ahmad, Nawaz, Ishaq, khan & Ashraf, 2023). These interactions have inferences and effects on behavior, shaping the micro-macro link (Zhao et al.,2023).

Innovative behavior of employee

Boer and During (2001) define innovation as a progressive capability. In the past many theologians have debated that innovation is a repetitive, multifaceted, non-sequential, and recurring movement and mechanism. The most commonly used prototypical model to elaborate the techniques of innovation is described as the activity stage model (King and Anderson, 2002). This model has segmented the innovation process into various forms and stages; emphasis is placed on many activities that revolve around the concept of creativity (De Jong, 2010). The stages have been divided into two segments: origination and application. Abrahamson (1991) advocated that innovation techniques can be best understood as “fad” and “fashion”. The sphere of innovative behavior has been restricted to a certain scope or perspective (Hoang, 2023). Innovation is displayed by eighty percent of the employees who are part of the organization (Nguyen et al.,2023). Thus, originating new ideas for the expansion of products and improvement of services are based on the employee’s creative mindedness (Wang et al., 2023).

Transformational leadership, Workplace Happiness and innovative behavior of employees

Odoardi et al., (2015) penned down the innovative work behavior by nexus of managerial practice and leadership style by implying quantitative research technique. The paper revolves around the theoretical model of leadership impact along with managerial practices comprised of team building and information sharing on employee innovative behavior, the mediators for calculating results composed of team support, their vision, and perception of competence of individuals. Data was gathered from five organizations in Italy including manufacturing firms, the information technology service industry, and the pharmaceutical sector. 349 employees participated voluntarily and empirically tested through structural equation modeling. The endogenous variable of innovative employee work behavior is statistically analyzed by exogenous variables including teamwork coordination, information-sharing viewpoint, the participative role of leadership, and group support for invention, modernization, and group vision acting as mediators on psychological empowerment. The results are generated from structural equation models (SEM), which permit the exploration of multiple analytical relationships.
among latent variables. SEM shows that teamwork collaboration, information sharing viewpoint, and participative leadership role-play an effective role in shaping up team image and team backing for advancement and nurturing employee innovative behavior. The area of further research could comprise of impact of job autonomy and task variety on the vision of team members and the supportive index of teams along with psychological empowerment.

**Psychological Empowerment, workplace happiness, and Innovative Behavior of employee**

Sinha, Priyadarshi, and Kumar (2016) inspected the role of empowerment in contrast to organizational culture, innovative behavior of employees, and work-related attitude. Most of the surveys done in the past show the concept of employee empowerment influences management practice; more or less seventy percent of the organizations have cultivated the culture of empowering their workforce for better outcomes. Seventy-three organizations participated in this survey and data was gathered from the respondents belonging to the service segment mainly from IT, financial firms, and telecommunication industry in India. The sample size comprises 324 respondents, and the study was completed in two phases by a finalized self-report questionnaire.

Outcomes generated through regression analysis revealed that psychological empowerment is related to job gratification, commitment, and inventive behavior, while adversely related to employees’ turnover intention. Empowered employees feel more space to show their credentials and innovativeness to demonstrate a positive impact on organizational commitment. Moreover, the work can be done in the untapped areas of citizenship behavior, and stress linked to proactive behavior.

**Organizational Culture, workplace Happiness, and innovative behavior of employees**

Eskiler, Ekici, Soyer, and Sari (2016) explored the association between corporate culture and inventive work behavior in the tourism sector focusing on sports services. The study entails the importance of organizational culture factors in carving and stimulating the employee’s innovative behavior. Due to recent developments, the tourism industry has risen as one of the major industries in sports. Sports tourism has flourished immensely and to investigate the influence of organizational culture on employees’ innovative behavior. In this regard organizational cultural four factors have been considered cooperative culture, innovativeness, consistency, and effectiveness; The sample size comprises 134 managers from hotels located on the Mediterranean Sea coastline. Filled questionnaires are analyzed through regression analysis run on SPSS software. The outcomes illustrate an affirmative significant relationship between the firm’s culture and the innovative behavior of workers. Hence positive learning environment will bring more productivity and the generation of new ideas. Future areas of recommendation can focus other sectors other than sports tourism.

**Coworker support, workplace happiness, and innovative behavior of employees**

Arora and Kamalanabhan (2013) illustrated the prevailing role of psychological conditions in the association between coworker support and supervisor on employee innovative behavior at work, conducted in Madras, India. Coworker support endorses
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the concept of employees working together and assisting each other in completing their targets for the desired outcome. Colleagues provide an atmosphere to each other in which sustenance and productivity are focused by encouraging each other through cohesion of knowledge. New ways of exploring things through colleagues’ supportive aid is again an edge for creativity and novel ideas. Hence work problems are sorted out with the help of supportive coworkers and supervisors’ psychological conditions are measured through the following parameters safety, availability, inherent contentedness, and meaningfulness. Thus, concluding the result; psychological conditions induced the best performance and engaged them in innovativeness and generation of new ideas. The study also reflects the role of coworker support and supervisors are coherent with the innovative behavior of employees.

Work stress, workplace happiness and innovative behavior of employees

Yao, Fan, Guo, and Li (2014) dissected a study to show the influence of work stress, and leadership on employees’ behavior. The paper emphasizes the pattern; how employee behavior is inflicted by work stress and also the moderating effect of transactional and transformational leadership. Occupational stress affects employees when unexpected workloads and responsibilities exert pressure on the cognitive ability of an individual. Productivity and performance both are compromised due to the impact of job stress. Job stress cannot be overcome only when an individual shows a lack of interest, withholding efforts, or withdrawal impacting a negative impression. The sample size comprises 347 respondents belonging to different states in China, working in 20 different firms. Statistical analysis is carried out on SPSS for consistency and descriptive measurements and hierarchical regression analysis is used to test the hypothesis. The outcomes display a remarkable positive relationship between work stress and employees’ undesirable behavior. Furthermore, the research can be carried out on different personality attributes.

METHODOLOGY

The research explores factors influencing employee behavior and creativity in an organization, focusing on transformational leadership, psychological empowerment, and corporate culture. It also examines the impact of job stress, coworker support, and job satisfaction on innovative behavior in the service-oriented hotel sector.

Target Population

The target population is mainly the people working in the hotel industry in the service sector of the city of Karachi; consisting of managers, assistant managers, executives, and officers.

Sample Size

The sample size has been composed of 346 respondents who filled out the questionnaire.

Data Collection Technique

The study used a questionnaire adapted from various papers to measure determinants of innovative behavior. The dimensions included transformational leadership, psychological empowerment, organizational culture, coworker support, job stress, and
workplace happiness. The questionnaire was distributed to respondents through various channels, and the results were calibrated on a five-point Likert scale (Bass and Bass, 2009; Spreitzer, 1995; Bani-Melhem et al., 2021).

STATISTICAL TECHNIQUES

This research employs Linear Regression analysis with the Structural Equation Model for confirmatory analysis in Pakistan's environment, as one variable is dependent on another.

![Conceptual Framework](image)

**Figure 1. Conceptual Framework**

RESULTS

The study uses smart PLS, a popular software application for Partial Least Square, Variance Structural Equation Modeling (Handayani et al., 2022), to analyze data from 346 respondents, identifying outliers and generating final results. The reliability of a 327-respondent data set is verified through Cronbach’s alpha, which should be above 0.6, after removing cross-loading (Gliem and Gliem, 2003). Smart PLS version 3.0 is used for prediction-oriented analysis, handling small sample sizes and multiple independent variables, and PLS-SEM is an exploratory approach for single-construct prediction (Ramayah et al., 2018). A pilot study evaluated the reliability of a questionnaire used to gather data on 50 respondents, focusing on innovative employee behavior influenced by organizational culture, psychological empowerment, transformational leadership, workplace happiness, and job stress. The table stated above shows the demographic of the respondents:

### Demographic Profile of the Respondents

The study reveals that 44% of participants are male, with 56% being female. The majority of respondents are aged 36-45 years, with 49.8% falling in this age group. The academic career of respondents is categorized into diploma holders, graduates, and postgraduates. 64.5% of respondents have graduated, 28.7% have started their post-graduation academic career, and 6.7% are diploma holders. The majority of respondents have 11-15 years of work experience, with a significant number of those having 6-10 years
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of experience. The study reveals that the majority of respondents are females, with most having completed their graduations and having 11-15 years of work experience.

### Table 1.  
Demographic Items

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequencies</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 to 35</td>
<td>55</td>
<td>16.8</td>
</tr>
<tr>
<td>36 to 45</td>
<td>163</td>
<td>49.8</td>
</tr>
<tr>
<td>46 to 55</td>
<td>97</td>
<td>29.7</td>
</tr>
<tr>
<td>above 55</td>
<td>12</td>
<td>3.7</td>
</tr>
<tr>
<td>Total</td>
<td>327</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education</th>
<th>Frequencies</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma</td>
<td>22</td>
<td>6.7</td>
</tr>
<tr>
<td>Graduate</td>
<td>211</td>
<td>64.5</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>94</td>
<td>28.7</td>
</tr>
<tr>
<td>Total</td>
<td>327</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Work Experience</th>
<th>Frequencies</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 5 years</td>
<td>33</td>
<td>10.1</td>
</tr>
<tr>
<td>6-10 years</td>
<td>82</td>
<td>25.1</td>
</tr>
<tr>
<td>11-15 years</td>
<td>106</td>
<td>32.4</td>
</tr>
<tr>
<td>16-20 years</td>
<td>89</td>
<td>27.2</td>
</tr>
<tr>
<td>20 years and above</td>
<td>17</td>
<td>5.2</td>
</tr>
<tr>
<td>Total</td>
<td>327</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequencies</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>144</td>
<td>44</td>
</tr>
<tr>
<td>Female</td>
<td>183</td>
<td>56</td>
</tr>
<tr>
<td>Total</td>
<td>327</td>
<td>100</td>
</tr>
</tbody>
</table>

The study reveals that 44% of participants are male, with 56% being female. The majority of respondents are aged 36-45 years, with 49.8% falling in this age group. The academic career of respondents is categorized into diploma holders, graduates, and postgraduates. 64.5% of respondents have graduated, 28.7% have started their postgraduation academic career, and 6.7% are diploma holders. The majority of respondents have 11-15 years of work experience, with a significant number of those having 6-10 years of experience. The study reveals that the majority of respondents are females, with most having completed their graduations and having 11-15 years of work experience.

### CONVERGENT VALIDITY / RELIABILITY TESTING

Convergent validity measures the relationship between theoretically related constructs. Calculative study on SMART PLS considers outer loadings, Cronbach’s alpha, composite reliability, and average variance explained (Kline, 2023).

### Table 2.  
Factor Loadings

| Transformational (TL) Cronbach's Alpha=0.698, C.R=0.832, AVE=0.622 |
|------------------------|------------------------|------------------------|
| Psychological Empowerment(E) Cronbach's Alpha=0.666, C.R=0.857, AVE=0.750 |
| Organizational Culture (OC) Cronbach's Alpha=0.721, C.R=0.843, AVE=0.642 |
| Work Place Happiness (WPH) Cronbach's Alpha=0.735, C.R=0.850, AVE=0.653 |
| Coworker Support (CS) Cronbach's Alpha=0.666, C.R=0.815, AVE=0.596 |
| Job Stress (JS) Cronbach's Alpha=0.619, C.R=0.838, AVE=0.721 |
| Innovative Behaviour (IB) Cronbach's Alpha=0.716, C.R=0.841, AVE=0.638 |

The study reveals that transformational leadership has a Cronbach’s alpha value of 0.698, psychological empowerment value of 0.666, coworker support cut-off value of 0.666, job stress value of 0.619, organizational culture value of 0.721, workplace happiness of 0.735,
and innovative behavior value of 0.716 (Fornell and Larcker, 1981; Cheung et al., 2023). The average variance extracted (AVE) test measures inconsistency in a variable, with values greater than 0.5 indicating internal consistency (dos Santos, 2023). Transformational leadership has an average variance explained value of 0.622, psychological empowerment of 0.750, organizational culture of 0.642, workplace happiness of 0.653, coworker support of 0.596, job stress of 0.721, and innovative behavior of 0.638, indicating convergent validity.

**DISCRIMINANT VALIDITY**

Discriminant validity indicates that measures not hypothetically related are dissimilar, and can be checked using the Fornell-Larcker Table and HTMT scales (Ringle et al., 2023).

**Fornell-Larcker**

Al-Zwainy et al. (2023) suggest that the square root of AVE in each latent variable can be used to establish discriminant validity; this value should be larger than other correlation values among the latent variables.

**Table 3. Test of Determinant validity, Fornell-larcker criterion**

<table>
<thead>
<tr>
<th>Construct</th>
<th>CS</th>
<th>E</th>
<th>IB</th>
<th>JS</th>
<th>OC</th>
<th>TL</th>
<th>WPH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coworker Support (CS)</td>
<td>0.772</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Psychological Empowerment (E)</td>
<td>0.484</td>
<td>0.866</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovative Behaviour (IB)</td>
<td>0.495</td>
<td>0.430</td>
<td>0.799</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Stress (JS)</td>
<td>0.396</td>
<td>0.433</td>
<td>0.507</td>
<td>0.849</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Culture (OC)</td>
<td>0.475</td>
<td>0.509</td>
<td>0.560</td>
<td>0.508</td>
<td>0.801</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leadership (TL)</td>
<td>0.475</td>
<td>0.560</td>
<td>0.525</td>
<td>0.502</td>
<td>0.590</td>
<td>0.789</td>
<td></td>
</tr>
<tr>
<td>Workplace Happiness (WPH)</td>
<td>0.645</td>
<td>0.496</td>
<td>0.629</td>
<td>0.522</td>
<td>0.608</td>
<td>0.487</td>
<td>0.808</td>
</tr>
</tbody>
</table>

**Heterotrait-Monotrait Ratio of Correlations (HTMT)**

The heterotrait-monotrait ratio of correlations (HTMT) is a crucial tool for assessing discriminant validity in partial least squares structural equation modeling. Its threshold level is 0.90, and all HTMT values fluctuate between 0.573 and 0.892, demonstrating discriminate validity among variables (Wang et al., 2023).

**Table 4. Test of Determinant Validity, Heterotrait-Monotrait Ratio (HTMT)**

<table>
<thead>
<tr>
<th>Construct</th>
<th>CS</th>
<th>E</th>
<th>IB</th>
<th>JS</th>
<th>OC</th>
<th>TL</th>
<th>WPH</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Coworker Support (CS)</td>
<td>0.722</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Psychological Empowerment (E)</td>
<td>0.709</td>
<td>0.622</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Innovative Behavior (IB)</td>
<td>0.573</td>
<td>0.665</td>
<td>0.751</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Job Stress (JS)</td>
<td>0.666</td>
<td>0.736</td>
<td>0.780</td>
<td>0.736</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Organizational Culture (OC)</td>
<td>0.689</td>
<td>0.827</td>
<td>0.740</td>
<td>0.747</td>
<td>0.833</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Transformational Leadership (TL)</td>
<td>0.892</td>
<td>0.707</td>
<td>0.864</td>
<td>0.760</td>
<td>0.832</td>
<td>0.670</td>
<td></td>
</tr>
<tr>
<td>7. Workplace Happiness (WPH)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

As in the above table, all the values are between their threshold values, therefore discriminant validity exists between the constructs.
Path Analysis

The study’s path analysis reveals that all independent variables have a significant impact on their dependent variable, except for coworker support and psychological empowerment, which have insignificant effects on the innovative behavior of employees. Organizational culture significantly influences workplace happiness and the innovative behavior of employees. Transformational leadership is proportional to workplace happiness and innovative behavior. Workplace happiness impacts coworker support, job stress, and innovative behavior. Psychological empowerment has a significant impact on workplace happiness but is insignificant on innovative behavior. Coworker support has an insignificant impact on innovative behavior, as supported by studies.

Cross Loadings

![Cross Loadings Diagram]

Table 5. Hypothesis Testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Coefficient</th>
<th>T Stats</th>
<th>P Values</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Coworker Support -&gt; Innovative behavior</td>
<td>0.073</td>
<td>1.231</td>
<td>0.224</td>
<td>Rejected</td>
</tr>
<tr>
<td>2. Psychological Empowerment -&gt; Innovative behavior</td>
<td>-0.006</td>
<td>0.106</td>
<td>0.916</td>
<td>Rejected</td>
</tr>
<tr>
<td>3. Psychological Empowerment -&gt; Workplace Happiness</td>
<td>0.213</td>
<td>4.125</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>4. Job Stress -&gt; Innovative behavior</td>
<td>0.144</td>
<td>2.612</td>
<td>0.009</td>
<td>Accepted</td>
</tr>
<tr>
<td>5. Organizational Culture -&gt; Innovative behavior</td>
<td>0.152</td>
<td>2.422</td>
<td>0.017</td>
<td>Accepted</td>
</tr>
<tr>
<td>6. Organizational Culture -&gt; Workplace Happiness</td>
<td>0.433</td>
<td>8.423</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>7. Transformational Leadership -&gt; Innovative behavior</td>
<td>0.168</td>
<td>3.208</td>
<td>0.001</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
Blind Folding

Blindfolding is a method used to calculate Stone-Geisser's $Q^2$ price, which evaluates the predictive relevance of a PLS path model. The value of $Q^2$ larger than 0 shows the version's predictive relevance for a particular construct (Fakhreddin, 2023).

### Table 6.
#### R Square

<table>
<thead>
<tr>
<th>Construct</th>
<th>R Square</th>
<th>R Square Adjusted</th>
<th>$Q^2$ (=1-SSE/SSO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coworker Support (CS)</td>
<td>0.416</td>
<td>0.414</td>
<td>0.230</td>
</tr>
<tr>
<td>Innovative Behavior (IB)</td>
<td>0.492</td>
<td>0.482</td>
<td>0.288</td>
</tr>
<tr>
<td>Job Stress (JS)</td>
<td>0.272</td>
<td>0.270</td>
<td>0.186</td>
</tr>
<tr>
<td>Work Place Happiness (WPH)</td>
<td>0.423</td>
<td>0.418</td>
<td>0.258</td>
</tr>
</tbody>
</table>

### Figure 3.

**Blindfolding**

R-squared is a statistical measure that indicates the data is close to the regression line. It assumes that each independent variable describes the variation in the dependent variable. In our model, coworker support, innovative behavior, and workplace happiness explain over 41% of the variance, while job stress explains 27%. Transformational leadership, psychological empowerment, and organizational culture explain 42%, 48%, and 27% of variance, respectively.
LIMITATIONS OF THE STUDY

The study focuses on the hospitality industry in Karachi, Pakistan, focusing on three-, four, and five-star hotels. It highlights the need for a broader study to broaden the results. Access to hotel staff was a major obstacle due to the flourishing economy and high occupancy ratio, making it difficult to convince managers or approach respondents.

SCOPE OF THE STUDY

The study suggests further research on creativity and creating a more desirable work environment for staff (Suprati et al., 2020). Combining reinforcing factors accelerates performance, productivity, and creativity, setting a benchmark for other industries. Geographical expansion and integrating leadership styles with societal, cultural, economic, political, or national empowerment can also contribute to a flourishing creativity climate. Nonetheless, the model has been explained in two steps; step one explores the influence of transformational leadership, psychological empowerment, and organizational culture on workplace happiness and innovative behavior of employees, and in the second step the impact of workplace happiness, job stress, and coworker support on innovative behavior.

CONCLUSION

Employee innovation is crucial for organizational success. Influential leadership, a suitable working environment, and autonomy contribute to creativity. Workplace happiness, supportive colleagues' attitudes, and job stress deter employees from expressing their ideas. The study explores the impact of remodeling leadership, psychosomatic authorization, and firm culture on workplace contentment and innovative behavior of employees. It also sheds light on the connection between coworker support and workplace happiness. The study emphasizes the significance of transformational leadership in fostering employee innovation and creativity (Kumar et al., 2023). It emphasizes that workplace happiness is crucial for organizational success (Rais & Rubini, 2022). It also highlights the role of leaders' attitudes in facilitating employees' ideas, and how supervisors' attitudes can strengthen their work attitudes, fostering a supportive environment for the organization (Al-Hadrawi et al., 2023; Nguyen et al., 2022).

Coworker support doesn't significantly influence employee innovative behavior in a corporate climate (Truong et al., 2021). Job insecurity can lead to animosity, jealousy, and unhealthy competition (Wang et al., 2021). Creative individuals can create stability, but resistance can occur when old routines are compared better. Managers should resolve conflicts promptly and communicate effectively to improve productivity and creativity (Tan et al., 2021). The study suggests that empowerment doesn't significantly influence employee innovative behavior, despite theoretical background and empirical studies (Erturk, 2023). Ineffective implementation and lack of managerial support can diminish empowerment effects (Birr et al., 2023). The success of empowerment strategies depends on corporate culture and implementation (Sun et al., 2023). Ineffective strategies can lead to pessimism and sarcasm. Key factors include inadequate training, operational hindrances, and weak cultural modification programs (Shamsudin & Velmurugan, 2023). Organizational culture significantly influences employee creativity, and adapting to their environment and sustainability often uses innovation (Osman et al., 2023; Ince, 2023).
competitive organizational climate requires embracing traditional practices, embracing change, and providing essential knowledge and skills (Berg et al., 2023). A successful culture is crucial for long-term success, ensuring employee transition and workplace contentment (Alzghoul et al., 2023). Job stress negatively impacts employees' innovative behavior and performance, affecting organizations and workers (Bani-Melhem et al., 2021). Managers can improve workplace culture by implementing stress management programs, psychological counseling, and providing comfort zones to employees (Rafique et al., 2022).

FUTURE RESEARCH AND MANAGERIAL IMPLICATIONS

Transformational leadership, including motivation, intellectual stimulation, and individualized consideration, influences employee behavior and organizational innovation. Managers should adapt their styles through mentoring and training, create a flexible organizational culture, and encourage autonomy-based educational programs (Afsar et al., 2020). They can cultivate an innovative climate through complimenting schemes, bonuses, career uplifts, training programs, and platforms for creative skill improvisation. Addressing job burnout and emotional quittance is crucial (Kenzovic et al., 2021). Future research should explore innovative behavior in the hotel tourism service sector by investigating longitudinal exploratory research patterns, examining leadership styles like transformational and transactional, and using qualitative methods to explore influencing factors like narratives and sense-making (Rahmawati et al., 2024). Factors like task sharing, organizational cultural aspects, and cross-cultural sustainability should also be considered. Miscellaneous diverse work groups are interconnected to productivity, performance, and innovativeness, but different paradigms may be useful in future explorative studies (Widianingsih et al., 2024).

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Consent to Participate: Yes
Consent for publication and Ethical approval: Because this study does not include human or animal data, ethical approval is not required for publication. All authors have given their consent.

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Navigating sustainable innovation


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Anwer, S & Hyder, M. (2024)


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