



## UNDERSTANDING HOW WORKPLACE HAPPINESS DRIVES INNOVATION: A BEHAVIORAL MEDIATION STUDY

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### Abstract

*This study examines the influence of workplace happiness on organizational innovation performance, with a focus on the mediating roles of co-worker support, job stress, and innovative work behavior within the E-commerce industry of Karachi, Pakistan. In today's competitive and globalized business environment, innovation is critical for organizational survival and growth. Using non-probability convenience sampling, data were collected from 325 employees, ranging from officers to senior managers, via a structured five-point Likert scale questionnaire. Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis revealed significant relationships among workplace happiness, co-worker support, job stress, innovative work behavior, and organizational innovation performance. Results indicate that co-worker support and innovative work behavior significantly mediate the relationship between workplace happiness and organizational innovation, whereas job stress does not exhibit a mediating effect. The study underscores the importance of fostering positive workplace emotions and supportive environments to enhance innovation, providing actionable insights for employee-centered strategies in Pakistan's dynamic E-commerce sector.*

### INTRODUCTION

In today's rapidly evolving global marketplace, organizations must continuously innovate to maintain competitive advantage and ensure long-term survival. Organizational innovation performance has emerged as a critical factor determining success in this dynamic environment, particularly in emerging economies like Pakistan where the service sector is experiencing unprecedented growth.

Innovation, from an organizational perspective, can be defined as "the effective implementation and execution of innovative and ingenious thoughts" (Dedahanov et al., 2017). This process represents a two-dimensional aspect of thinking: idea generation and effective implementation, both playing significant roles in organizational success (Omri, 2015). While innovation is often associated with

technological advancements and product development, the human element—specifically employee innovative behavior—remains the primary driver of organizational innovation performance.

The E-commerce industry in Pakistan has witnessed remarkable growth following the introduction of 3G and 4G telecommunications infrastructure. This digital transformation has created both opportunities and challenges for businesses operating in this sector, making innovation capability particularly crucial. As customer expectations evolve rapidly in the digital marketplace, organizations must foster environments that encourage creative thinking and innovative behavior among employees.

Several factors influence an employee's capacity and willingness to engage in innovative behavior. Workplace happiness has been identified as a



significant contributor to innovative thinking (Melhem et al., 2018; Slåtten, 2011). Similarly, support from colleagues (Afsar & Badir, 2017), job stress levels (Yao, 2014), motivation (Saleem, 2015), and organizational structure (Dedahanov et al., 2017) all play important roles in shaping innovative behavior.

The relationship between workplace happiness and innovation is particularly intriguing. When employees experience positive emotions at work, they demonstrate greater cognitive flexibility, openness to new ideas, and willingness to take calculated risks—all essential components of innovative behavior. Furthermore, happiness at work creates psychological safety, encouraging employees to share novel ideas without fear of ridicule or rejection.

Co-worker support represents another critical factor in fostering innovation. When employees perceive that their colleagues care about their well-being, respect their ideas, and are willing to share knowledge and experiences, they become more motivated to engage in innovative behaviors. This socio-emotional support creates an environment where ideas can be freely exchanged, refined, and implemented.

Conversely, job stress can significantly impair innovative thinking. While some degree of pressure (such as time constraints) might stimulate creativity, excessive stress creates cognitive limitations that inhibit an employee's ability to think creatively and implement innovative solutions. Organizations increasingly recognize the importance of managing workplace stress to maximize innovative potential.

Despite extensive research on organizational innovation in manufacturing industries (Dedahanov et al., 2017; Gunday et al., 2011) and technology-based organizations (Rhee et al., 2010; Wang & Wang, 2012), fewer studies have examined these dynamics in service industries, particularly in emerging economies like Pakistan. Furthermore, limited research has investigated the combined effects of workplace happiness, co-worker support, job stress, and innovative behavior on organizational innovation performance.

This study addresses these gaps by examining how workplace happiness influences organizational innovation performance in Pakistan's E-commerce industry, with particular attention to the mediating

roles of co-worker support, job stress, and innovative work behavior. The research objectives are to:

1. Examine the impact of workplace happiness on organizational innovation performance
2. Investigate the mediating effect of innovative work behavior in the relationship between workplace happiness and organizational innovation performance
3. Assess the mediating effects of job stress and co-worker support in the relationship between workplace happiness and innovative work behavior

By exploring these relationships, this study contributes to both theoretical understanding and practical applications for enhancing innovation in the rapidly growing E-commerce sector of Pakistan.

## Literature Review

### Theoretical Framework

This study is grounded in several theoretical frameworks that explain the relationships between workplace happiness, innovative behavior, and organizational outcomes. The Broaden-and-Build Theory of positive emotions (Fredrickson, 2001) provides a foundation for understanding how positive emotional states, such as workplace happiness, expand cognitive capabilities and build psychological resources that facilitate innovative thinking. According to this theory, positive emotions broaden an individual's thought-action repertoire, encouraging exploration, creativity, and novel approaches to problems.

Social Exchange Theory (Blau, 1964) offers insights into how co-worker support influences innovative behavior. This theory posits that social relationships operate on principles of reciprocity; when employees receive support from colleagues, they feel obligated to reciprocate through positive behaviors, including innovative contributions to the organization.

The Job Demands-Resources (JD-R) model (Bakker & Demerouti, 2007) helps explain how job stress affects innovative behavior. This model suggests that job demands (aspects of work requiring sustained effort) can lead to stress and burnout when not balanced with adequate resources. High job demands without sufficient resources create psychological strain that inhibits creative thinking and innovation.



Finally, the Componential Theory of Creativity and Innovation (Amabile, 1988) provides a framework for understanding how individual factors (including emotional states) and contextual factors (such as co-worker support and stress levels) interact to influence innovative behavior and organizational outcomes.

### **Workplace Happiness and Organizational Innovation Performance**

Workplace happiness refers to the positive emotional state employees experience in their work environment, characterized by satisfaction, engagement, and a sense of purpose (Fisher, 2010). Research increasingly recognizes the strategic importance of employee happiness in driving organizational performance, particularly in knowledge-intensive and service industries.

Several studies have established connections between workplace happiness and innovation outcomes. Atitumpong and Badir (2018) found that positive affect at work significantly predicted innovative behavior among employees in technology-intensive firms. Similarly, Slåtten (2011) demonstrated that employee happiness was positively associated with service innovation in hospitality organizations.

The relationship between workplace happiness and organizational innovation performance can be explained through several mechanisms. Happy employees demonstrate greater cognitive flexibility and creative problem-solving abilities (Fredrickson, 2001). They also show higher levels of engagement and intrinsic motivation, which are essential for sustained innovative efforts (Amabile, 1988). Furthermore, positive emotions facilitate social connections and knowledge sharing, creating an environment conducive to collaborative innovation (Carmeli & Spreitzer, 2009).

### **Co-Worker Support and Innovative Behavior**

Co-worker support encompasses the emotional, informational, and instrumental assistance employees receive from their colleagues (Ducharme & Martin, 2000). This support creates a psychologically safe environment where employees feel comfortable taking risks and proposing novel ideas without fear of negative consequences.

Afsar and Badir (2017) found that co-worker support significantly influenced innovative behavior by

facilitating knowledge sharing and collaborative problem-solving. When employees perceive support from colleagues, they are more likely to engage in idea generation and implementation activities. Similarly, Madjar (2008) demonstrated that support from co-workers enhanced creative performance by providing diverse perspectives and constructive feedback on ideas.

The relationship between co-worker support and innovative behavior is particularly important in knowledge-intensive industries where complex problems require collaborative solutions. In such contexts, supportive relationships enable the exchange of tacit knowledge and the integration of diverse expertise, leading to more sophisticated and effective innovations (Zhou & George, 2001).

### **Job Stress and Innovative Behavior**

Job stress refers to the psychological and physiological strain experienced when work demands exceed an individual's capacity to cope (Lazarus & Folkman, 1984). While moderate levels of challenge can stimulate creative thinking, excessive stress typically impairs cognitive functioning and inhibits innovation.

Research on the relationship between job stress and innovative behavior has produced mixed results. Yao et al. (2014) found that high levels of job stress negatively affected innovative behavior by depleting cognitive resources necessary for creative thinking. Similarly, Bani et al. (2018) reported a negative relationship between job stress and employee innovative behavior.

However, some studies suggest a more nuanced relationship. Byron et al. (2010) proposed that certain types of stressors (challenge stressors) might enhance creativity under specific conditions, while others (hindrance stressors) consistently impair creative performance. This distinction helps explain inconsistent findings in the literature and suggests that organizations should focus on managing the nature of stressors rather than eliminating all forms of pressure.

### **Innovative Work Behavior and Organizational Innovation Performance**

Innovative work behavior refers to an employee's intentional introduction and application of new ideas, products, processes, and procedures to their



work role, work unit, or organization (Janssen, 2000). This behavior typically involves three stages: idea generation, idea promotion, and idea implementation (Scott & Bruce, 1994).

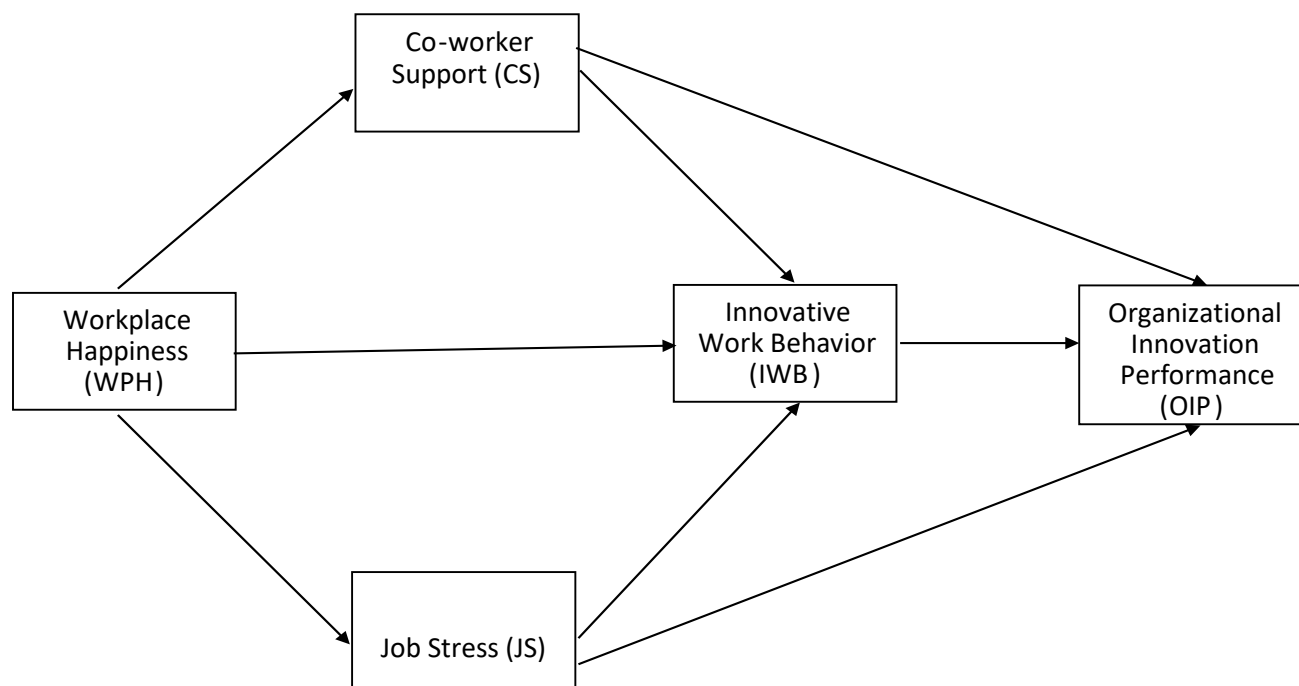
The link between employee innovative behavior and organizational innovation performance is well-established in the literature. Dedahanov et al. (2017) demonstrated that innovative behavior significantly predicted organizational innovation performance in manufacturing firms. Similarly, Odoardi et al. (2015) found that employee innovative behaviors contributed substantially to organizational innovation outcomes in public sector organizations. The translation of individual innovative behavior into organizational performance depends on several factors, including leadership support, resource availability, and organizational structure (Damanpour & Schneider, 2006). Organizations that create systems to capture, evaluate, and implement

employee ideas are more successful in converting individual innovative behavior into organizational innovation performance (Baer, 2012).

### Conceptual Model and Hypotheses

Based on the theoretical foundations and empirical evidence discussed above, this study proposes a conceptual model examining the relationships between workplace happiness, co-worker support, job stress, innovative work behavior, and organizational innovation performance. The model posits that workplace happiness influences organizational innovation performance both directly and indirectly through innovative work behavior. Furthermore, the relationship between workplace happiness and innovative work behavior is mediated by co-worker support and job stress.

Figure Conceptual Model



The following hypotheses guide this research:

H1: Workplace happiness positively influences organizational innovation performance.

H2: Innovative work behavior mediates the relationship between workplace happiness and organizational innovation performance.

H3: Co-worker support mediates the relationship between workplace happiness and innovative work behavior.

H4: Job stress mediates the relationship between workplace happiness and innovative work behavior.



H5: Co-worker support positively influences innovative work behavior.

H6: Job stress negatively influences innovative work behavior.

H7: Workplace happiness positively influences innovative work behavior.

H8: Innovative work behavior positively influences organizational innovation performance.

### Methodology

#### Research Design and Approach

This study employed a quantitative research approach with a cross-sectional survey design to examine the relationships between workplace happiness, co-worker support, job stress, innovative work behavior, and organizational innovation performance. This approach was selected for its ability to test hypothesized relationships between variables and generalize findings across the target population.

#### Sampling Technique and Population

The target population consisted of employees working in the E-commerce industry in Karachi, Pakistan. Participants ranged from officer to senior manager levels, representing various functional areas within their organizations. This population was selected due to the rapid growth and increasing importance of the E-commerce sector in Pakistan's economy, particularly following the expansion of 3G and 4G telecommunications infrastructure.

Non-probability convenience sampling was used to select participants for the study. While this sampling technique has limitations regarding representativeness, it was appropriate given the practical constraints of accessing employees across multiple organizations in the E-commerce sector. A total of 325 valid responses were collected, providing sufficient statistical power for the analyses conducted.

#### Measurement Instruments

Data was collected using a structured questionnaire with items measured on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). The questionnaire included the following sections:

#### Workplace Happiness:

Measured using a scale adapted from Fisher (2010), assessing employees' positive emotional states, satisfaction, and engagement in their work environment.

#### Co-worker Support:

Assessed using items from Ducharme and Martin (2000), measuring the emotional, informational, and instrumental support received from colleagues.

#### Job Stress:

Evaluated using a scale adapted from Parker and DeCotiis (1983), measuring psychological strain related to work demands and pressures.

#### Innovative Work Behavior:

Measured using Janssen's (2000) scale, assessing idea generation, promotion, and implementation behaviors.

#### Organizational Innovation Performance:

Assessed using items adapted from Gunday et al. (2011), measuring the organization's success in implementing innovations in products, services, and processes.

The questionnaire also included demographic questions regarding gender, age, education level, job position, and tenure in the organization.

#### Data Collection and Analysis Procedures

Prior to data collection, the questionnaire was pilot-tested with a small sample of E-commerce employees to ensure clarity, relevance, and reliability of the measures. Based on feedback from the pilot test, minor modifications were made to improve the instrument.

Data collection was conducted over a two-month period. Participants were approached through professional networks and with the cooperation of HR departments in selected E-commerce companies. Ethical considerations were addressed by obtaining informed consent from all participants, ensuring confidentiality of responses, and providing the option to withdraw from the study at any point.

Data analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM) through SmartPLS software. This analytical approach





was selected for its ability to handle complex models with multiple mediating relationships and its suitability for predictive research objectives. The analysis followed a two-stage approach:

1. **Measurement Model Assessment:** Evaluating reliability (Cronbach's alpha, composite reliability) and validity (convergent and discriminant validity) of the measurement instruments.
2. **Structural Model Assessment:** Testing the hypothesized relationships between variables, including direct effects, indirect effects, and mediation analyses.

Model fitness was assessed using blindfolding procedures to calculate the predictive relevance ( $Q^2$ ) and the coefficient of determination ( $R^2$ ). Bootstrapping with 5,000 resamples was used to test the significance of path coefficients and mediation effects.

## Results

### Respondent Profile

The sample consisted of 325 employees from the E-commerce industry in Karachi, Pakistan. Demographic analysis revealed that 58.2% of

respondents were male and 41.8% were female. In terms of age distribution, 42.5% were between 25-30 years, 31.7% between 31-35 years, 15.4% between 36-40 years, and 10.4% above 40 years. Regarding education, 68.3% held bachelor's degrees, 28.9% had master's degrees, and 2.8% had other qualifications. Job positions ranged from officer level (35.7%), assistant manager (28.3%), manager (24.6%), to senior manager (11.4%). The majority of respondents (62.8%) had been with their current organization for 1-5 years, while 25.2% had 6-10 years of tenure, and 12% had more than 10 years of experience with their organization.

### Measurement Model Analysis

#### Convergent Validity

Convergent validity was assessed through factor loadings, Average Variance Extracted (AVE), and composite reliability. As shown in Table 1, all item loadings exceeded the recommended threshold of 0.7, indicating good indicator reliability. The AVE values for all constructs were above 0.5, demonstrating that each construct explained more than 50% of the variance in its indicators. Composite reliability values ranged from 0.876 to 0.924, well above the recommended threshold of 0.7, indicating strong internal consistency.

**Table 1: Convergent Validity Assessment**

Construct	Items	Factor Loadings	AVE	Composite Reliability
Workplace Happiness (WH)	WH1	0.842	0.682	0.915
	WH2	0.825		
	WH3	0.839		
	WH4	0.798		
	WH5	0.814		
Co-worker Support (CS)	CS1	0.836	0.647	0.901
	CS2	0.798		
	CS3	0.825		
	CS4	0.782		
	CS5	0.775		
Job Stress (JS)	JS1	0.814	0.628	0.894
	JS2	0.789		
	JS3	0.825		
	JS4	0.768		
	JS5	0.752		
Innovative Work Behavior (IWB)	IWB1	0.836	0.694	0.919
	IWB2	0.842		
	IWB3	0.857		



Organizational Innovation Performance (OIP)	IWB4	0.815	0.703	0.924
	IWB5	0.809		
	OIP1	0.847		
	OIP2	0.862		
	OIP3	0.835		
	OIP4	0.825		
	OIP5	0.818		

### Discriminant Validity

Discriminant validity was assessed using the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio. The Fornell-Larcker criterion requires that the square root of AVE for each construct

should be greater than its correlation with other constructs. As shown in Table 2, this condition was met for all constructs. Additionally, all HTMT ratios were below the conservative threshold of 0.85, further confirming discriminant validity.

**Table 2: Discriminant Validity Assessment (Fornell-Larcker Criterion)**

Construct	WH	CS	JS	IWB	OIP
WH	<b>0.826</b>				
CS	0.624	<b>0.804</b>			
JS	-0.538	-0.492	<b>0.792</b>		
IWB	0.685	0.618	-0.547	<b>0.833</b>	
OIP	0.642	0.574	-0.512	0.698	<b>0.838</b>

Note: Bold diagonal values represent the square root of AVE

### Model Fitness

The structural model's predictive relevance was assessed using blindfolding procedures. The  $Q^2$  values for endogenous constructs were all above zero (IWB: 0.412; OIP: 0.389), indicating good predictive relevance. The coefficient of determination ( $R^2$ ) values showed that the model explained 58.7% of the variance in innovative work behavior and 52.4% of the variance in organizational innovation

performance, suggesting substantial explanatory power.

### Hypothesis Testing

#### Direct Effects

Path analysis was conducted to test the direct relationships hypothesized in the model. As shown in Table 3, all direct relationships were statistically significant ( $p < 0.01$ ).

**Table 3: Direct Effects Analysis**

Hypothesis	Relationship	Path Coefficient	t-value	p-value	Result
H1	WH → OIP	0.285	4.726	0.000	Supported
H5	CS → IWB	0.312	5.184	0.000	Supported
H6	JS → IWB	-0.248	4.375	0.000	Supported
H7	WH → IWB	0.392	6.218	0.000	Supported
H8	IWB → OIP	0.428	7.142	0.000	Supported

Workplace happiness showed a significant positive effect on organizational innovation performance ( $\beta = 0.285$ ,  $p < 0.001$ ), supporting H1. Co-worker support positively influenced innovative work behavior ( $\beta = 0.312$ ,  $p < 0.001$ ), supporting H5. Job stress negatively affected innovative work behavior ( $\beta = -0.248$ ,  $p < 0.001$ ), supporting H6. Workplace

happiness demonstrated a strong positive effect on innovative work behavior ( $\beta = 0.392$ ,  $p < 0.001$ ), supporting H7. Finally, innovative work behavior positively influenced organizational innovation performance ( $\beta = 0.428$ ,  $p < 0.001$ ), supporting H8.



### Mediation Analysis

Mediation effects were tested using bootstrapping with 5,000 resamples. The results of the mediation analysis are presented in Table 4.

**Table 4: Mediation Analysis**

Hypothesis	Indirect Path	Indirect Effect	t-value	p-value	95% CI	Result
H2	WH → IWB → OIP	0.168	4.842	0.000	[0.102, 0.234]	Supported
H3	WH → CS → IWB	0.142	3.976	0.000	[0.078, 0.206]	Supported
H4	WH → JS → IWB	0.058	1.842	0.065	[-0.004, 0.120]	Not Supported

The indirect effect of workplace happiness on organizational innovation performance through innovative work behavior was significant ( $\beta = 0.168$ ,  $p < 0.001$ , 95% CI [0.102, 0.234]), supporting H2. The indirect effect of workplace happiness on innovative work behavior through co-worker support was also significant ( $\beta = 0.142$ ,  $p < 0.001$ , 95% CI [0.078, 0.206]), supporting H3. However, the indirect effect through job stress was not significant at the conventional level ( $\beta = 0.058$ ,  $p = 0.065$ , 95% CI [-0.004, 0.120]), failing to support H4.

### Discussion

This study investigated the impact of workplace happiness on organizational innovation performance in Pakistan's E-commerce industry, with particular attention to the mediating roles of co-worker support, job stress, and innovative work behavior. The findings provide valuable insights into the mechanisms through which positive workplace emotions translate into organizational innovation outcomes.

#### Workplace Happiness and Organizational Innovation

The significant positive relationship between workplace happiness and organizational innovation performance aligns with previous research highlighting the importance of positive emotions in fostering creativity and innovation (Atitumpong & Badir, 2018; Slåtten, 2011). This finding supports the Broaden-and-Build Theory (Fredrickson, 2001), which suggests that positive emotions expand cognitive capabilities and build psychological resources that facilitate innovative thinking.

In the context of Pakistan's E-commerce industry, this relationship is particularly relevant. As a rapidly evolving sector facing intense competition, E-

commerce organizations benefit substantially from cultivating workplace environments that promote employee happiness. Happy employees demonstrate greater cognitive flexibility, openness to new ideas, and willingness to engage in the risk-taking behaviors necessary for innovation.

#### The Mediating Role of Innovative Work Behavior

The significant mediating effect of innovative work behavior in the relationship between workplace happiness and organizational innovation performance highlights the critical role of employee-level innovation in translating positive emotions into organizational outcomes. This finding supports previous research by Dedahanov et al. (2017) and Odoardi et al. (2015), which established connections between employee innovative behaviors and organizational innovation performance.

The mediation results suggest that workplace happiness enhances organizational innovation primarily by stimulating employees' willingness and ability to generate, promote, and implement novel ideas. This process involves both cognitive and motivational mechanisms: happiness broadens cognitive perspectives, enabling employees to identify new possibilities, while also providing the psychological energy and resilience necessary to champion and implement these ideas despite potential obstacles.

#### Co-worker Support as a Mediator

The significant mediating role of co-worker support in the relationship between workplace happiness and innovative work behavior aligns with Social Exchange Theory (Blau, 1964) and previous empirical findings (Afsar & Badir, 2017; Madjar, 2008). This result suggests that workplace happiness creates a positive social environment where





supportive relationships flourish, which in turn facilitates innovative behavior.

In the E-commerce context, where complex problems often require collaborative solutions, supportive co-worker relationships are particularly valuable. They create psychological safety for idea sharing, provide diverse perspectives that enhance idea quality, and offer practical assistance during implementation phases. The mediation finding suggests that organizations seeking to enhance innovation should focus not only on individual happiness but also on fostering supportive team dynamics.

#### Job Stress and Innovation

The non-significant mediating effect of job stress, despite its significant direct negative relationship with innovative work behavior, presents an interesting finding that warrants further discussion. While workplace happiness was negatively associated with job stress, and job stress negatively influenced innovative behavior, the indirect path did not reach statistical significance at the conventional level.

This result may reflect the complex nature of stress in the workplace. As suggested by Byron et al. (2010), different types of stressors may have varying effects on creativity and innovation. Challenge stressors might stimulate innovative thinking under certain conditions, while hindrance stressors consistently impair creative performance. The E-commerce industry, characterized by rapid change and technological advancement, likely presents both types of stressors to employees.

Additionally, the relationship between workplace happiness and job stress may be more complex than a simple negative correlation. Some happy employees might still experience high levels of challenge stress due to ambitious goals or time pressures, without this necessarily undermining their innovative capacity. This nuanced relationship deserves further investigation in future research.

#### Theoretical and Practical Implications

This study contributes to theoretical understanding by integrating multiple frameworks (Broaden-and-Build Theory, Social Exchange Theory, and the JD-R model) to explain the complex relationships between workplace emotions, social dynamics, stress, and innovation outcomes. The findings support a comprehensive model that accounts for both direct

and indirect pathways through which workplace happiness influences organizational innovation performance.

From a practical perspective, the results offer several implications for E-commerce organizations in Pakistan and similar emerging markets:

1. **Prioritize Employee Happiness:** Organizations should invest in practices that enhance workplace happiness, such as meaningful work design, recognition programs, career development opportunities, and work-life balance initiatives.
2. **Foster Supportive Team Environments:** Building a culture of collaboration and mutual support among colleagues can significantly enhance innovative behavior. Team-building activities, collaborative projects, and recognition of supportive behaviors can contribute to this goal.
3. **Manage Stress Strategically:** Rather than attempting to eliminate all forms of workplace pressure, organizations should distinguish between challenge and hindrance stressors, minimizing the latter while structuring the former to stimulate rather than impair innovative thinking.
4. **Develop Innovation Systems:** To maximize the translation of employee innovative behavior into organizational performance, companies should establish systems for capturing, evaluating, and implementing employee ideas, with appropriate resources and leadership support.
5. **Tailor Approaches to the E-commerce Context:** The unique characteristics of the E-commerce industry—rapid technological change, digital customer interactions, and data-driven operations—should inform specific strategies for fostering happiness and innovation in this sector.

#### Conclusion and Implications

This study examined the impact of workplace happiness on organizational innovation performance in Pakistan's E-commerce industry, with particular attention to the mediating roles of co-worker support, job stress, and innovative work behavior. The findings provide valuable insights into the



mechanisms through which positive workplace emotions translate into innovation outcomes in this rapidly evolving sector.

### Summary of Key Findings

The results confirmed that workplace happiness positively influences organizational innovation performance both directly and indirectly through innovative work behavior. Co-worker support was found to mediate the relationship between workplace happiness and innovative work behavior, highlighting the importance of supportive social environments in fostering innovation. While job stress showed a significant negative relationship with innovative behavior, it did not function as a significant mediator in the relationship between workplace happiness and innovative behavior at the conventional significance level.

These findings support a model where workplace happiness creates conditions conducive to innovation through multiple pathways: by directly enhancing cognitive flexibility and creative thinking, by fostering supportive relationships that facilitate knowledge sharing and collaborative problem-solving, and by potentially reducing certain forms of job stress that impair innovative capacity.

### Theoretical Contributions

This research contributes to the literature on workplace emotions and innovation in several ways. First, it integrates multiple theoretical frameworks to provide a comprehensive understanding of how positive emotions influence innovation outcomes. Second, it examines these relationships in the context of an emerging economy's rapidly growing E-commerce sector, extending the applicability of these theories beyond traditional Western and manufacturing contexts. Third, it clarifies the mediating mechanisms through which workplace happiness translates into organizational innovation, highlighting the crucial roles of innovative work behavior and co-worker support.

### Managerial Implications

For managers and organizations in the E-commerce industry, this study offers several practical implications:

**1. Strategic Focus on Employee Happiness:** Organizations should recognize workplace happiness not merely as a desirable outcome but as a strategic asset that drives innovation. Investments in employee well-being programs, positive work environments, and meaningful job design can yield significant returns through enhanced innovation performance.

**2. Cultivate Supportive Team Dynamics:** Given the mediating role of co-worker support, managers should actively foster collaborative and supportive team environments. This might include team-building activities, recognition of supportive behaviors, and creating physical and virtual spaces that facilitate interaction and knowledge sharing.

**3. Balanced Approach to Workplace Pressure:** While reducing excessive stress is important, managers should recognize that not all forms of pressure are detrimental to innovation. Challenge stressors, when properly managed, can stimulate creative thinking and motivate innovative behavior. The key is distinguishing between productive challenges and debilitating hindrances.

**4. Systematic Innovation Management:** To maximize the benefits of employee innovative behavior, organizations should establish formal systems for capturing, evaluating, and implementing ideas. This includes providing resources for innovation, recognizing and rewarding innovative contributions, and creating clear pathways for turning ideas into implemented innovations.

**5. Contextual Adaptation:** E-commerce organizations should adapt these general principles to their specific context, considering factors such as digital work environments, rapid technological change, and the unique challenges of online customer interactions.

6.

### Limitations and Future Research Directions

While this study provides valuable insights, several limitations should be acknowledged. The cross-sectional design prevents establishing causal



relationships definitively; longitudinal research could provide stronger evidence for the proposed causal mechanisms. The convenience sampling approach limits generalizability; future studies could employ more representative sampling methods. Additionally, the focus on the E-commerce industry in Karachi, Pakistan, while valuable for understanding this specific context, means that findings may not apply equally to other industries or regions.

Future research could address these limitations and extend this work in several directions. Longitudinal studies could track how changes in workplace happiness influence innovation outcomes over time. Comparative studies across different industries or cultural contexts could identify boundary conditions for the relationships observed here. More nuanced investigations of job stress could distinguish between challenge and hindrance stressors and their differential effects on innovative behavior. Finally, qualitative research could provide deeper insights into the lived experiences of employees navigating the complex relationships between happiness, stress, support, and innovation in rapidly evolving digital workplaces.

In conclusion, this study highlights the strategic importance of workplace happiness in driving organizational innovation performance in Pakistan's E-commerce industry. By fostering positive emotions, supportive relationships, and balanced workplace challenges, organizations can enhance their capacity for innovation and maintain competitive advantage in this dynamic sector.

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