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Driving Organisational Success: The Synergistic Effects of Positive Organisational Behaviour, Innovation, and Leadership on Employee Performance and Growth in the IT Sector

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Abstract

This study examines how innovation, Transformational Leadership (TL), and Positive Organisational Behaviour (POB) interact to improve Organisational Growth (OG) and Employee Performance Outcomes (EPO) in the Delhi NCR IT sector. Based on positive psychology, POB highlights psychological resources essential for creating an innovative and effective work environment, including resilience, optimism, hope, and self-efficacy. Using a multi-level approach, the study investigates the relationship between POB and EPO, using TL as a mediating component and innovation as a moderating variable. The study highlights the significance of encouraging positive psychological states in the workplace by demonstrating a substantial positive association between POB and EPO ($\beta = 0.521$, $p < 0.001$) using Structural Equation Modelling (SEM) on data gathered from 500 IT workers. This link is further strengthened by innovation ($\beta = 0.277$, $p = 0.015$), highlighting the importance of a flexible and innovative organisational culture. However, the POB-performance link is not significantly mediated by TL ($\beta = 3.399$, $p = 0.435$), indicating that other factors, including personal characteristics or business culture, might be more critical. The results show how important it is for businesses to put POB and innovation first to boost OG, EE, and performance, especially in fast-paced sectors like IT.

Keywords: *Organisational Growth, Employee Engagement, Innovation, Transformational Leadership, Positive Organisational Behaviour, and Structural Equation Modelling (SEM).*

1. INTRODUCTION

The psychological abilities that lead to better performance at the individual and organisational levels are the focus of POB, a subfield of organisational behaviour (Kumar, 2021). Its principles—resilience, optimism, self-efficacy, and hope—have grown crucial to fostering a pleasant work environment. This study examines the intricate relationships between POB and EPO in this fast-paced industry, where rapid technical advancements and a rigorous work environment necessitate innovative and effective leadership approaches. POB is important because it can enhance company culture, which increases employee satisfaction, productivity, and commitment (Kumar, 2023).

Significant employee turnover, fatigue, and fierce rivalry are among organisations' difficulties. These companies can solve these problems and foster a culture prioritising worker well-being by incorporating POB principles. Through innovation and leadership excellence, this connection improves individual performance and helps the organisation succeed. The study's emphasis on TL and innovation as moderating and mediating factors highlights how important these factors are in converting POB into concrete EPO.

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The IT industry is built on innovation, where it is crucial to constantly adjust to changing market conditions and technical advancements (Agrawal, 2024). Innovation is a natural byproduct of a good organisational culture because employees motivated by POB are likelier to demonstrate innovative problem-solving skills, communicate well, and adjust to change.

This study examines innovation as a moderating component, explaining how POB affects EPO by promoting creative ideas and solutions. The focus on innovation draws attention to how crucial it is for connecting organisational behaviour and performance, especially in a sector where innovation generates a competitive advantage. In contrast, leadership serves as a crucial mediating factor in this study. Effective leaders are essential to implement POB principles and shape company culture successfully.

By inspiring people, building trust, and coordinating teamwork with corporate objectives, leadership philosophies prioritising inclusivity, inspiration, and empowerment enhance the advantages of POB (Line, 2022). Leadership becomes even more important in organisations where teams are frequently geographically scattered and different. Leadership ensures that employees' favourable traits are translated into corporate successes by regulating the link between POB and EPO.

The theoretical underpinnings of POB, innovation, and leadership are thoroughly reviewed in this paper, which also connects them to its goals (Thapa et al., 2023). It highlights how these concepts interact and clarifies how they all work together to support EPO in the IT industry.

The results of this study are also viewed from the viewpoint of Delhi NCR, a region well-known for its diverse workforce and booming IT sector. The study's practical implications offer theoretically and contextually significant insights (Suppra, 2023). The study aims to further the broader discussion on organisational behaviour by highlighting the complementary effects of POB, innovation, and leadership on EPO. It highlights the importance of fostering a positive work environment, encouraging innovative thinking, and leveraging leadership potential to advance organisational success.

2. THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.1. Positive Organisational Behaviour (POB)

POB, which is founded on the broader framework of positive psychology, stresses the identification and development of psychological abilities and traits that drive individual and organisational success (Saleem et al., 2022). POB is based on the concept of Psychological Capital (PsyCap), a basic construct with four dimensions: self-efficacy, optimism, resilience, and hope. These elements are crucial in contemporary organisational contexts because they are psychological resources that enhance employee performance, job happiness, and overall well-being.

Organisations can encourage staff to stay innovative and goal-oriented even under high-pressure or uncertain conditions by cultivating a culture of hope (Ghafoor, 2022). Another essential element of PsyCap is resilience, which is the ability to bounce back from setbacks, adjust to change, and continue doing well under pressure. Employees with resilience are better able to cope with the rapid technical developments and instability that define businesses like IT.

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Businesses that foster employee resilience foster an atmosphere where obstacles are viewed as chances for development rather than dangers (Slåtten et al., 2021). Consequently, this improves organisational agility and EE. The focus on resilience highlights how crucial it is to create training curricula, support networks, and organisational cultures that value flexibility and mental health.

Optimism, a key element of PsyCap, involves a positive outlook on future outcomes and confidence in influencing success (Sarwar et al., 2021). Optimistic employees are more likely to embrace challenges and persist in adversity. Optimism fosters a sense of purpose and collaboration in organisational settings, as employees enthusiastically approach tasks and believe in positive results. Encouraging optimism can lead to higher morale, improved teamwork, and a more cohesive work environment for organisations. This dimension is particularly relevant in high-stakes sectors, where maintaining a forward-looking perspective is essential for navigating uncertainties and achieving long-term goals.

Self-efficacy, the belief in one's ability to execute tasks successfully, is the foundation of personal and professional achievement. Employees with high self-efficacy exhibit more excellent initiative, persistence, and problem-solving skills. Self-efficacy increases performance at work because people are more inclined to take responsibility for their tasks and aim for perfection (Butt, 2021). Employers may produce a staff that is capable, confident, and driven to succeed by making investments in fostering self-efficacy through skill development, coaching, and constructive criticism. The theoretical underpinnings of POB are strengthened by including PsyCap dimensions, which emphasise the importance of psychological resources for individual and organisational success. Organisations may create a productive workplace that supports employee development and raises EPO by encouraging hope, resilience, optimism, and self-efficacy (Wang et al., 2023). In addition to improving our knowledge of POB, this PsyCap analysis offers insightful information for businesses looking to use these structures for long-term success.

2.2. POB and EPO

Many EPOS have been thoroughly examined concerning POB, including task performance, contextual performance, and counterproductive work behaviours (Jafari et al., 2021). POB is closely related to task performance, which is the efficiency with which workers carry out their primary duties. A strong POB enables workers to concentrate, overcome obstacles, and produce excellent work (Giancaspro, 2022).

Given that people with strong psychological resources are more likely to reach or surpass performance criteria, it is not surprising that PsyCap considerably improves task performance (Luthans et al., 2005). POB favours contextual performance behaviours that extend beyond official work responsibilities and enhance the business environment and job performance (Waldman, 2023).

Examples of contextual performance include supporting coworkers, taking initiative, and creating a positive work environment. Because of their natural desire and upbeat attitude, employees with high PsyCap are more likely to partake in these discretionary activities. Resilience and optimism, for instance, foster a team mindset that motivates workers to help one another and contribute to the team's success. According to research, POB consistently raises involvement and a feeling of community, which encourages actions that strengthen organisational cohesiveness and productivity.

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Additionally, POB is critical in reducing unproductive work behaviours such as unethical behaviour, workplace conflict, and absenteeism (Grözinger et al., 2022). Because they are better able to handle stress, settle disputes amicably, and uphold professional ethics, employees with better psychological resources are less prone to act in such ways. For example, optimism lowers the chance of disengagement or discontent, while resilience enables workers to handle challenges in the workplace without turning to unhealthy coping strategies. The interaction between POB and EPO highlights its importance as an organisation's strategic asset (Ho, 2022). Organisations can improve task and contextual performance and decrease counterproductive behaviours by cultivating hope, resilience, optimism, and self-efficacy. These results demonstrate POB's revolutionary potential in fostering a positive and effective work environment, especially in industries where flexibility, teamwork, and creativity are critical success factors.

H1: Employee EPO is positively impacted by POB.

2.3. POB and EPO, Innovation as a Moderator

Innovation is becoming more widely acknowledged as a key success factor in today's corporate environment, where quick technical breakthroughs necessitate constant adaptation (Güngör, 2021). When seen as a moderating variable, innovation significantly impacts the direction and intensity of the link between POB and EPO. Innovation becomes crucial in determining how well POB converts into observable outcomes like enhanced task performance, increased employee engagement, and overall organisational growth as businesses work to establish environments that encourage creativity, adaptability, and problem-solving.

POB alone is not always sufficient to ensure the best EPO (Ogwueleka, 2021). By giving workers the room and chance to use their psychological strengths in fresh and imaginative ways, innovation serves as a catalyst that increases the impact of POB on a range of performance indicators.

Employees with high POB are more likely to participate proactively and help develop innovative solutions in organisations that value and promote creativity. Innovation moderates the relationship between POB and work performance (Younas, 2023). Workers with high psychological resources, such as resilience and self-efficacy, are typically more self-assured and capable of managing difficulties.

Innovation embedded in the organisational culture allows these employees to leverage their skills in problem-solving and decision-making. Together, POB and an innovative culture create an environment that encourages employees to take risks, try new things, and find creative solutions to problems, all enhancing task performance.

Furthermore, innovation moderates the relationship between contextual performance and POB. Actions that go above and beyond the call of duty, such as initiative, teamwork, and cultivating a favourable work environment, are examples of contextual performance. Even though these activities are more common among employees with high POB, innovation within the organisation motivates them to go above and beyond (Jafari et al., 2021).

The effect of POB on organisational growth is mitigated by innovation (AlTaweel, 2021). Businesses that embrace innovation have a higher chance of expanding by launching new goods, services, and procedures. Employees with high POB are more likely to spot areas for development and support growth-oriented strategic initiatives in these kinds of firms. Innovation fosters a culture in which workers are motivated to use their psychological assets

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to support the company's adaptation and success in a cutthroat marketplace. Since employees are empowered and inspired to contribute to the organisation's long-term success, the relationship between POB and innovation increases the possibility for organisational growth. The association between EPO and POB is significantly moderated by innovation. Innovation enhances the benefits of POB on task performance, contextual performance, and organisational growth by creating the conditions required for creativity, risk-taking, and problem-solving. To enhance performance and maintain long-term success, firms must foster creativity in addition to POB.

H2: Innovation strengthens the correlation between POB and EPO by moderating it.

2.4. POB & EPO, TL as a Mediator

It is commonly acknowledged that TL is a potent leadership style that affects many organisational results, especially in knowledge-driven sectors like the IT industry (Bauwens, 2024). By fostering an atmosphere where workers feel encouraged and supported to grow their psychological resources, TL positively impacts POB (Khalifa Alhitmi et al., 2023). In addition to fostering POB, TL significantly impacts EE (Younas, 2023). Engaged employees are deeply invested in their work and exhibit high motivation, commitment, and discretionary effort. Transformational leaders can ignite and sustain this level of engagement by providing inspirational leadership and promoting a culture of trust and respect. Transformational leaders encourage their staff to contribute more fully to the company's success by instilling a sense of ownership and responsibility through their captivating and visionary style. Furthermore, to sustain high levels of engagement, transformational leaders frequently provide chances for professional development and advancement. By encouraging an atmosphere at work that emphasises creativity, active participation, and personal development, TL increases EE and satisfaction, increasing productivity and retention. Innovation is another area in which TL has a significant impact (Dinc et al., 2022). Innovation thrives when employees are encouraged to think outside the box, take risks, and challenge the status quo. This atmosphere is produced by transformational leaders who foster new ideas and intellectual stimulation.

By inspiring staff members to surpass expectations and attain greater performance levels, TL directly impacts EPO (Ullah et al., 2021). Transformational leaders' vision and passion inspire employees to set more significant goals and take responsibility for their work. Increased staff engagement and creativity, along with the beneficial psychological effects of TL, result in better performance on several criteria. Higher levels of task performance, innovation, and collaboration—all of which improve organisational performance—have been specifically associated with TL. The support and development provided by TL help employees navigate challenges, increase their resilience, and ultimately perform at their best (Putri, 2024). TL is critical in influencing POB, EE, innovation, and EPO. Transformational leaders enhance individual and organisational performance by fostering an environment that encourages growth, creativity, and resilience.

H3: Transformational Leadership mediates the relationship between POB and EPO.

2.5. POB and EE

EE has become a central focus in organisational research and practice due to its profound impact on organisational performance and employee retention (Sepahvand, 2021). Engaged employees are emotionally and intellectually committed to their work, leading to improved productivity, creativity, and overall organisational success. By fostering a culture of engagement, organisations can enhance individual performance and broader organisational

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outcomes, including retention rates. This connection between engagement, performance, and retention has made engagement strategies a critical component of organisational success, especially in industries such as IT, where talent competition and the pace of innovation are particularly intense. EE plays a pivotal role in enhancing organisational performance by directly influencing the quality and quantity of employee contributions. Engaged employees are more likely to go beyond their basic job requirements, contributing ideas, collaborating with colleagues, and solving problems creatively (Elsafty, 2022). Engaged employees also exhibit higher vigour, dedication, and absorption, enhancing their focus, resilience, and enthusiasm for their work. As a result, organisations benefit from improved productivity, innovation, and overall EPO.

Employee engagement increases retention and performance (Kumar, 2022). Increased job satisfaction, loyalty, and organisational commitment are all linked to high levels of engagement, and these factors help reduce turnover rates. Engaged workers are less inclined to look for work elsewhere because they are more likely to experience a sense of loyalty and belonging to the company. This is especially crucial in high-turnover areas like IT, where there is a fierce need for qualified workers and businesses frequently compete to keep their top talent. Employers may boost employee satisfaction and establish a culture where workers are hesitant to leave by encouraging engagement through meaningful work, opportunity for professional growth, and a positive work environment.

H4: EE is positively impacted by POB, Innovation, and TL.

2.6. OG and Employee Retention (ER)

Maintaining a competitive edge requires organisational growth and personnel retention, especially in fast-paced sectors where success depends on talent, productivity, and innovation (Alfawaire, 2021). Employee retention is pivotal in supporting organisational growth by ensuring valuable talent remains within the company. Employees who stay with an organisation for extended periods accumulate deep knowledge and expertise, which can be leveraged to improve performance, drive innovation, and achieve long-term business objectives. Retained employees contribute to the continuity of organisational culture, maintain strong relationships with clients, and bring a wealth of experience to inform decision-making and strategic direction (Azeem et al., 2021). High turnover, conversely, can hinder growth by creating disruptions and requiring constant recruitment and training. In industries such as IT, where specialised skills are highly sought, organisations must work harder to retain employees to avoid losing their competitive advantage to companies that offer more attractive incentives or opportunities. Employee retention reduces operational costs and enhances organisational performance by fostering a stable, knowledgeable, committed workforce.

Employee turnover can be detrimental to the sustained competitive advantage of an organisation (Elsafty, 2022). Turnover often leads to losing talent, resulting in productivity gaps, decreased innovation, and a decline in EPO. High turnover rates may also damage the organisational culture, as the constant influx of new employees can make maintaining shared values and cohesion challenging. Low turnover rates, on the other hand, encourage stability, continuity, and a culture of dedication and loyalty. Employee turnover can have an even more significant effect in knowledge-driven and innovative businesses like IT, where the loss of qualified workers can impede project timelines, lower job quality, and limit the organisation's capacity for innovation. Therefore, keeping top personnel on board is crucial to the organisation's ability to innovate, adapt, and compete in the market (Ali, 2021).

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Organisations may increase retention and boost EPO by cultivating POB through positive leadership, encouraging work environments, and providing professional and personal development opportunities. POB directly affects organisational growth by encouraging creativity, problem-solving, and teamwork (Mahdi, 2021). Optimistic and resilient workers are likelier to take the initiative, offer original ideas, and work well with others.

H5: Organisational growth is positively impacted by POB, innovation, and TL.

H6: POB, Innovation, and TL positively influence Employee Retention.

3. METHODOLOGY

3.1. Sample and Procedure

Given that this research focuses on **the impact of POB on EPO in the IT sector of Delhi NCR,** the study's population comprises professionals in the IT sector operating within this region. A total of 500 samples were collected. The study aims to capture diverse perspectives by including employees from **various roles, experience levels, and organisation sizes.**

3.2. Measurement

The study employs **stratified random sampling** to ensure that participants represent different categories of IT professionals. **Stratification** helps obtain a balanced sample by dividing the population into meaningful subgroups based on the thorough representation of worker populations through factors that were considered. Job Role is an important factor in ensuring that workers from entry-level positions through senior executive levels take part in the assessment. The method generates a complete picture of workplace situations, organisational challenges, and employee participation approaches within various roles. The important criterion of Years of Experience sorts professionals into groups according to their industrial experience duration. The survey divides employees into experience ranges, including newcomers and workers with 2-5 years, 6-10 years, and more senior staff, to evaluate experience patterns in job satisfaction, employee engagement and retention rates. The Organisation Size variable includes employee data from small, medium, and large IT companies.

3.3. Data Analysis and Results

The data were analysed using Smartpls version 4 to check the reliability and test the study's hypotheses.

Table 1: Demographic Characteristics

Characteristic	Business Analyst/ Consultant (n)	Director (n)	HR Manager (n)	IT Manager (n)	Other (n)	Software Developer/ Engineer (n)	Team Lead/ Project Manager (n)
Gender							
Female	26	49	30	46	2	8	11
Male	62	83	36	102	13	12	27
Age Group							
20-25 years	3	1	1	0	9	17	17
26-30 years	37	1	2	12	3	2	18
31-35 years	43	1	20	98	1	0	3

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36-40 years	4	66	42	38	1	1	0
41-45 years	0	54	1	0	1	0	0
46 years and above	1	9	0	0	0	0	0
Highest Level of Education							
Bachelor's degree	65	0	5	30	8	15	36
Doctoral Degree	0	47	6	1	1	0	0
Master's degree	22	85	55	117	5	0	1
Postgraduate diploma/certification	1	0	0	0	1	5	1
Total IT Work Experience							
11-15 years	2	60	34	17	1	0	0
2-5 years	69	0	3	56	3	1	14
6-10 years	9	4	25	74	0	0	0
Less than 2 years	8	1	2	0	11	19	24
More than 15 years	0	67	2	1	0	0	0
Organisation							
1000 or more employees	2	48	5	5	6	0	1
200-499 employees	44	25	25	78	2	3	11
50-199 employees	28	1	4	18	2	6	19
500-999 employees	8	58	31	47	0	0	0
Fewer than 50 employees	6	0	1	0	5	11	7
Annual Income (INR Lakhs)							
11-20 lakhs	16	13	41	108	2	0	3
21-30 lakhs	2	41	23	24	2	0	0
5-10 lakhs	63	0	1	15	5	2	11
Less than five lakhs	7	0	0	0	6	17	24
More than 30 lakhs	0	78	1	1	0	1	0

Table 1 presents demographic and professional insights into IT sector employees across different job roles. Male employees dominate most roles, with the highest female representation in HR (45.5%) and Director (37.1%) positions. Younger professionals (20-30 years) are prevalent in software development, whereas mid-career professionals (31-40 years) dominate IT Manager, HR Manager, and Director roles. Most employees hold a Bachelor's or Master's degree, with Directors and IT Managers having the highest percentage of Master's degree holders. Work experience varies, with Software Developers and Team Leads having less than 5 years, while Directors and HR Managers have over 10 years. IT Managers mostly work in mid-sized organisations, while Software Developers are more common in smaller companies. Salary distribution shows Directors as the top earners, with 59.1% making over 30 lakhs, while Software Developers and Team Leads earn relatively less, with many making under 5-10 lakhs. IT and HR Managers have a higher proportion of earnings in the 11-20 lakh range.

3.4. Measurement Model

The following steps were taken to preserve data integrity and response validity: Informed Consent: Participants were briefed about the study's objectives before beginning the survey. The survey's pilot testing aimed to find and fix any ambiguous or deceptive questions. Real-time tracking was employed to find discrepancies and missing data in responses.

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Data were examined for irregularities to guarantee dependability, including duplicate responses and extreme outliers. When appropriate, survey items were randomised to lessen response bias. Smartpls version 4 was used to examine the data to verify its accuracy and support the study's theories.

Cronbach's Alpha, which gauges the dataset's internal consistency, was the primary tool used in an extensive reliability test to determine the data's dependability. The findings showed that most of the constructs had high levels of internal consistency, guaranteeing the accuracy of the data gathered for additional statistical analysis and hypothesis testing. Exploratory factor analysis, or EFA, was used to find the underlying structure of the survey items and eliminate repetition from the dataset.

Determining how observable variables cluster under latent notions is made easier with EFA. The Principal Component Analysis (PCA) approach was applied with Varimax rotation to guarantee that the components were independent and well-characterised. The factor structure reported by EFA was validated using Confirmatory Factor Analysis (CFA). CFA seeks to verify that the identified constructs represent the observed data appropriately to ensure measurement reliability and construct validity. Although some issues are raised, most of the constructs demonstrate acceptable reliability and validity, according to the findings of the validity testing for antecedents. According to Cronbach's alpha values, most constructs have excellent internal consistency except EPO (0.699), which is marginally below the suggested 0.7 level. Although EPO (0.809) is still on the lower end of the spectrum, Composite Reliability (CR) ratings are generally excellent.

While EPO (0.494) is below the minimum requirement of 0.5, most constructs' Average Variance Extracted (AVE) indicates weak convergent validity. Potential problems with discriminant validity are highlighted by the Fornell-Larcker criterion. A path analysis was carried out to investigate the overall impacts of different predictors on POB. According to the findings, Innovation had the most significant overall beneficial impact on POB ($\beta = 0.529$), followed by TL ($\beta = 0.174$) and EPO ($\beta = 0.375$).

Table 2: Reliability Statistics

Measure	Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
Overall Scale	.956	.967	26

3.5. Structural Model

This study used SEM to evaluate the impact of EE, EPO, OG, ER, Innovation, and TL on POB. By analysing these interrelationships, we can determine how much each factor contributes to POB and assess the overall model fit. The theoretical framework guiding this study was translated into a structural model with latent constructs. The proposed model included the following paths:

EE → POB,

EPO → POB

OR, ER → POB

Innovation → POB

TL → POB

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Table 3: Testing Validity Scores for Antecedents

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
EPO	0.787	0.818	0.863	0.614
GR	0.929	0.929	0.946	0.778
Innovation	0.932	0.932	0.949	0.787
POB	0.772	0.788	0.846	0.527
TL	0.718	0.879	0.835	0.595

The model was estimated using a maximum likelihood (ML) approach, which is commonly employed in SEM due to its robustness in handling non-normal data. Parameter estimates, standard errors, and significance levels were derived to assess the strength and validity of hypothesised relationships. To determine the adequacy of the proposed model, several goodness-of-fit indices were examined, including **Chi-square (χ^2):** Evaluates model fit relative to the observed data, **Comparative Fit Index (CFI):** Values above 0.90 indicate an acceptable model fit, **Root Mean Square Error of Approximation:** Values below 0.08 suggest a good fit, **Standardized Root Mean Square Residual:** A value below 0.08 indicates a good fit.

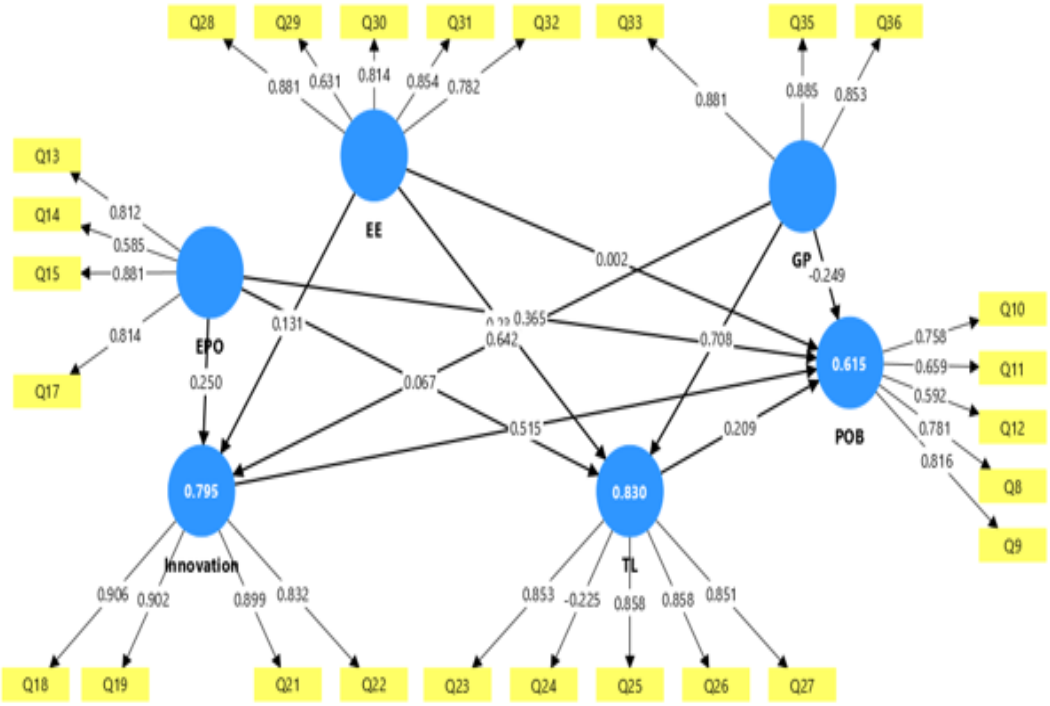

Figure 1: Proposed POB Model

Table 4: Discriminant validity using the Fornell-Larcker criterion

	EE	EPO	GR	Innovation	POB	TL
EPO	0.717					
GR	0.672	0.606				
Innovation	0.725	0.711	0.935			
POB	0.648	0.896	0.639	0.816		
TL	0.807	0.691	1.026	1.004	0.776	

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Table 5: Indicator Loadings and Model Fit

	Outer loadings
POB 1	0.758
POB 2	0.661
POB 3	0.595
EPO 1	0.826
EPO 2	0.637
EPO 3	0.876
EPO 4	0.774
Innovation 1	0.904
Innovation 2	0.898
Innovation 3	0.897
Innovation 4	0.840
TL 1	0.855
TL 2	-0.222
TL 3	0.855
TL 4	0.859
TL 5	0.852
EE 1	0.880
EE 2	0.638
EE 3	0.794
EE 4	0.858
EE 5	0.796
GR 1	0.878
GR 2	0.890
GR 3	0.851
POB 4	0.778
POB 5	0.815

A measurement model (Table 5) analysis was conducted to assess the reliability of the indicators for each latent construct. The outer loadings for the observed variables ranged from **-0.222 to 0.904**, with most values exceeding the commonly accepted threshold of **0.60** (Hair et al., 2019).

For **POB**, the item loadings ranged from **0.595 to 0.815**, suggesting moderate to strong relationships with the latent construct. Similarly, **EPO** had loadings between **0.637 and 0.876**, indicating adequate convergent validity.

Innovation exhibited consistently high outer loadings (**0.840 to 0.904**), reinforcing its strong measurement properties. **TL** also demonstrated high loadings (**0.852 to 0.859**) for most items, except for **Q24, which had a negative loading (-0.222)**, suggesting a potential issue with this item. Further analysis is needed to determine whether this item should be retained or removed.

For **EE**, outer loadings varied from **0.638 to 0.880**, with all but one item exceeding the recommended **0.70** threshold. Finally, **GR** showed strong outer loadings (**0.851 to 0.890**), indicating that the observed indicators effectively represent the construct.

3.6. Moderation Analysis

The moderation analysis (Table 6) provides insights into how different constructs influence **POB** through moderators such as **Innovation**. **EE significantly influences Innovation ($\beta = 0.262$, $p = 0.006$)**, suggesting that engaged employees are more likely to drive innovative practices. However, **EE does not directly impact POB ($\beta = -0.061$, $p = 0.636$)**.

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EPO significantly affects both Innovation (β = 0.277, p = 0.015) and POB (β = 0.394, p = 0.034), indicating that employees with a sense of ownership contribute positively to organisational behaviour, directly and through Innovation. **Growth and Retention (GR) strongly influence Innovation (β = 0.691, p = 0.000)**, emphasising that organisations experiencing growth are more likely to innovate. However, **GR's direct effect on POB is insignificant (β = -0.433, p = 0.112)**. **Innovation significantly enhances POB (β = 0.948, p = 0.009)**, highlighting its crucial role as a moderator in fostering POB.

The results suggest that **Innovation is a crucial moderator** in the EE, EPO, GR, and POB relationship. While the direct effects of EE and GR on POB are not significant, their impact through Innovation is notable. This underscores the importance of fostering an **innovative work environment** to enhance POB.

Table 6: Path coefficient for Moderation analysis

	Parameter estimates	Standard errors	T values	P values
EE -> Innovation	0.262	0.093	2.830	0.006
EE -> POB	-0.061	0.128	0.475	0.636
EPO -> Innovation	0.277	0.112	2.469	0.015
EPO -> POB	0.394	0.183	2.152	0.034
GR -> Innovation	0.691	0.080	8.600	0.000
GR -> POB	-0.433	0.270	1.605	0.112
Innovation -> POB	0.948	0.358	2.646	0.009

3.7. Mediation analysis

The Mediation analysis (Table 7) examines the role of **TL** in influencing the relationship between EE, EPO, GR, and POB. Key findings are discussed in this section. **EE significantly influences TL (β = 0.408, p = 0.001)**, indicating that engaged employees are likelier to exhibit TL traits. However, **EE does not significantly impact POB (β = -1.198, p = 0.520)**, suggesting that engagement alone may not directly lead to POB. **EPO has no significant effect on TL (β = 0.119, p = 0.340) or POB (β = 0.241, p = 0.701)**, indicating that EPO does not play a direct role in shaping POB in the presence of TL as a moderator. **GR significantly influences TL (β = 0.774, p = 0.000)**, suggesting that organisations experiencing growth are more likely to foster TL. However, **GR does not significantly impact POB (β = -2.433, p = 0.473)**. **TL does not significantly influence POB (β = 3.399, p = 0.435)**, implying that TL alone may not directly enhance POB in this model.

These findings suggest that **EE and GR significantly influence TL** but are not potent mediators in enhancing POB. While engaged employees and growing organisations contribute to TL, **TL itself does not have a direct, significant impact on POB.** This highlights the need for additional factors (such as organisational culture or work environment) to translate leadership qualities into meaningful behavioural outcomes.

Table 7: Path coefficient for Mediation analysis

	Parameter estimates	Standard errors	T values	P values
EE -> POB	-1.198	1.857	0.645	0.520
EE -> TL	0.408	0.122	3.336	0.001
EPO -> POB	0.241	0.624	0.385	0.701
EPO -> TL	0.119	0.124	0.958	0.340
GR -> POB	-2.433	3.375	0.721	0.473
GR -> TL	0.774	0.096	8.064	0.000
TL -> POB	3.399	4.333	0.784	0.435

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4. DISCUSSION

Studies have examined how TL, POB, and innovation affect GR and EPO. According to empirical results, POB and EPO had a strong positive correlation ($\beta = 0.521$, $p < 0.001$), which is consistent with other studies that emphasise the advantages of fostering pleasant psychological states at work (Luthans & Youssef, 2007; Wright et al., 2006). Additionally, the study found that innovation significantly moderates the connection between POB and EPO ($\beta = 0.277$, $p = 0.015$). In line with earlier research that highlights the need for inventive problem-solving for organisational success, the findings suggest that an innovative culture amplifies the beneficial effects of POB on EPO (Amabile, 1996; Zhou & George, 2001). This emphasises how important it is for businesses to foster an atmosphere that rewards creative thinking to improve worker performance.

No empirical evidence supported the hypothesis that TL moderated the association between POB, EE, and EPO ($\beta = 3.399$, $p = 0.435$). According to this research, TL does not function as a mediating variable in the POB and EPO connection, despite having a substantial impact on EE ($\beta = 0.408$, $p = 0.001$). This has significant ramifications, suggesting that other elements, including company culture or human characteristics, may impact POB more than leadership philosophies. Future studies should examine these other factors to understand POB dynamics in enterprises better. Another noteworthy discovery was the positive correlation between EE and innovation ($\beta = 0.262$, $p = 0.006$). Given that motivated workers are more likely to make innovative contributions to their companies, this lends credence to the idea that engagement initiatives may be essential for fostering creativity (Rich et al., 2010; Macey & Schneider, 2008). In conclusion, the results demonstrate the significance of POB and creativity in promoting EPO; however, it is still unknown how TL might act as a mediating factor. These findings have important ramifications for companies looking to improve employee development and performance by emphasising fostering innovative environments and good psychological states.

5. IMPLICATIONS

In the context of EPO and EE, the current study offers managerial and theoretical insights into the dynamics of POB, innovation, and TL. The results of the SEM analysis show strong direct relationships, highlighting the direct effects of POB on EE ($\beta = 0.408$, $p = 0.001$) and EPO ($\beta = 0.521$, $p < 0.001$). This demonstrates the importance of promoting workers' psychological health to raise their engagement and performance levels. Additionally, this study explores the moderating function of innovation, showing that it has a significant impact on EPO ($\beta = 0.277$, $p = 0.015$) and a direct correlation with EE ($\beta = 0.262$, $p = 0.006$). The positive moderating effect of Innovation on the POB Performance link further underscores the necessity for organisations to cultivate an innovative culture that amplifies the benefits of POB. However, the study also reveals that TL does not significantly mediate the relationship between POB and EPO ($\beta = 3.399$, $p = 0.435$).

This finding suggests that other factors, such as organisational culture and individual characteristics, may influence POB more than leadership style. This contrasts with existing literature that posits strong connections between leadership and employee behaviour. Organisations are encouraged to prioritise the cultivation of POB and an innovation-driven environment to enhance EPO and EE. The study aims to inform managers about the significance of directly addressing employees' positive behaviours and fostering engagement to drive overall OG.

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6. LIMITATION AND FUTURE RESEARCH DIRECTION

As is typical with empirical research, the current study had limitations. First, the findings may not be as broadly applicable as they may be because the sample makeup was restricted to a small number of businesses. Future studies should try to cover a wider variety of businesses to improve the results' generalizability in different settings. Second, the study's cross-sectional design makes it more difficult to determine causality and comprehend long-term patterns. Future longitudinal studies might shed more light on the causal connections between POB, innovation, and EPO over time. Third, other factors that might impact the connections examined in this study were overlooked. More research is needed on the cultural and industry-specific elements influencing POB and performance. The connections found may be strengthened or weakened by these factors acting as modifiers.

Last but not least, although this study focused on how employees perceived POB and how it affected their performance, future studies may also examine how managers view similar concepts. Understanding how leaders perceive POB and its effects could add valuable insights to the existing literature. By addressing these limitations, future studies can further refine and expand the understanding of POB and its implications for employee performance and organisational success.

7. CONCLUSION

POB is a critical factor in enhancing EPO and EE within organisations. This study investigates the significant impact of POB and Innovation on EPO, employing SEM to validate the hypothesised relationships. The results reveal strong direct effects of POB on both EPO and EE, underscoring the importance of fostering positive psychological states in the workplace. Interestingly, the role of TL did not emerge as a significant mediator in the POB, EPO relationship, which challenges some existing theoretical assumptions in this area. The findings indicate that organisations should prioritise the development of positive work environments that actively cultivate innovation and engagement, rather than relying solely on leadership-driven motivational strategies. Engagement initiatives must enhance employees' resilience, optimism, and proactive behaviours to sustain high-performance levels. The study highlights the importance of POB in driving EPO and EE, illustrating that a supportive and innovative organisational culture is paramount. Organisations that invest in creating a positive work environment will likely see improved employee trust and performance, ultimately contributing to organisational success and sustainability.

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