

**IMPACT OF EMPLOYEE HAPPINESS ON INNOVATIVE WORK BEHAVIOUR OF
SME EMPLOYEES IN SRI LANKA, WITH SPECIAL REFERENCE TO
RATHNAPURA DISTRICT, SRI LANKA**

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ABSTRACT

This study examined the impact of employee happiness on the innovative behavior of small- and medium-sized enterprise (SME) employees in Sri Lanka, with special reference to Executives in the Ratnapura district. SMEs are the backbone of the economy and their contribution to local production is very high. One of the reasons for this could be employees innovative work behavior. Thus, employee happiness can be significant for innovative work behavior. Therefore, it is essential to pay attention to the impact of employee happiness on the innovative work behavior of SME employees. There is an empirical gap in the understanding of the impact of employee happiness on innovative behavior. In response, the researchers selected executive-level SME employees in the Ratnapura district in Sri Lanka. This study uses a quantitative approach. The SME employees selected in the Ratnapura district represented the population, and 285 executive-level employees from several SMEs were chosen as the sample. Data were collected through a Google Form and printed questionnaires and were tested using SPSS software to measure reliability, correlation, and regression analysis. The model consisted of four hypotheses: Rewards, Supervisor Support, Flexible Working Hours, and Workload, which were measured to determine the impact of each variable on the dependent variable. Four hypotheses were accepted with multiple regression analysis, where all hypotheses were accepted based on the multiple regression analysis decision rule with a significance value of $P < 0.005$. According to the results, it can be concluded that employee happiness has a significant positive impact on innovative work behavior. The researchers recommend that future researchers conduct studies using different independent variables in other sectors

Keywords: Employee happiness, flexible working hours, innovative behavior, rewards, supervisor support, work load