The Effect of Work-Life Balance and Employee Empowerment on Employee Performance: The Mediating Role of Job Satisfaction

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ABSTRACT

This research investigates the effect of work-life balance and employee empowerment on employee performance within service sector organizations operating in Karnali Province, Nepal. The research utilized a causal-comparative design. Data collection involved distributing validated structured questionnaires to measure work-life balance, employee empowerment, job satisfaction, and employee performance. A convenience sampling method was employed to gather responses from 402 employees working across various service-sector organizations located in Karnali Province. SmartPLS software was used for data analysis. The study's findings indicate that both work-life balance (WLB) and employee empowerment (EE) have a significant, positive influence on employee performance (EP). Furthermore, job satisfaction (JS) also has a substantial positive effect on EP. The analysis confirmed that JS partially mediates the relationship between WLB and EP, and between EE and EP. This suggests that these organizational practices contribute to better performance not only through a direct mechanism but also indirectly by successfully cultivating higher levels of job satisfaction. The generalizability of these findings might be limited due to the reliance on convenience sampling and the specific focus on only one geographic area. This study contributes to the literature by integrating work-life balance, employee empowerment, and job satisfaction into a unified framework in the context of a developing economy.

1. INTRODUCTION

Employee performance within the service industry has been more important than ever before. Developing an employee's skills, motivating an employee to be productive, and aligning an employee's work with the organization's goals will produce a more productive workplace, stimulate innovation, and give a company the upper hand over the competition (Kimpah & Ibrahim, 2020). There are other benefits to employee performance in addition to those already discussed. Employee performance is defined as the extent to which

an employee performs their work assignments, and how their work assignments compare to what is expected or standard (Rahmah & Wardiani, 2021). Employee performance is crucial to organizations as a decline in performance may lead to negative evaluations and harm a company's long-term goals (Rahmah & Wardiani, 2021). Thus, maintaining an effective workforce, especially employee performance, is vital to a company's longevity (Ekowati et al., 2021). As the years have passed, there has been an increasing focus on work/life balance as individuals attempt to fulfill their personal and professional obligations. Work-life balance has a positive impact on an employee's well-being, job satisfaction, and work performance (Ashwin & Muthukumar, 2024). Today, achieving work-life balance (WLB) is one of the greatest challenges faced by employees worldwide due to today's fast-paced business environment. As organizations begin to recognize the strategic importance of supporting healthy work-life balance, many organizations are finding value in supporting healthy work-life balance as it provides opportunities for both the organization and its workforce (Mendis & Weerakkody, 2018). Simply put, work-life balance is the relationship between a person's professional responsibilities and all other components of their lives, including family, leisure, personal growth, and community involvement (Foanto et al., 2020). Employees who can balance their work and personal responsibilities experience improved performance due to reduced stress, increased innovation, and improved job satisfaction (Foanto et al., 2020). However, poor work-life balance may result in burnout, decreased productivity, and higher turnover rates (Foanto et al., 2020). Since employee wellness consists of multiple dimensions including personal, professional, and psychological dimensions, it is more important than ever before in today's world (Pradhan & Hati, 2022). As a result of the increasing use of technology to allow employees to work remotely at nearly any time, achieving a successful work/life balance has become even more difficult (Udin, 2023). Employee empowerment provides employees with authority to make decisions about their daily work activities. Employee empowerment is viewed by management scholars as a key component to creating organizational wealth by giving employees the authority to make decisions about their own work and to make decisions about how to complete their work tasks (Rana & Singh, 2016). Essentially, employee empowerment represents an organizational strategy designed to give employees the capability to act upon their own initiative and make decisions about their own work (Vu, 2020). Therefore, empowered employees can complete their work tasks more effectively and efficiently than un-empowered employees. Also, empowering employees enhances accountability among employees, stimulates innovative ideas, and promotes employee participation in the goal setting and problem-solving processes of the organization (Vu, 2020). Ultimately, this process connects individual agency to organizational objectives and encourages a sense of mutual advancement and shared purposes, which enhances job satisfaction and trust among employees (Tanjeen, 2013).

Employee performance and job satisfaction are among the most pressing concerns in organizations globally as they try to optimize workplace success for each employee and evaluate employee performance through completion of the work assignments provided to them; contributing to organizational goals; and fulfillment in their job (Dinda P, 2024). An organization's human resources department plays a pivotal role in determining the success of the organization. An organization's performance is significantly influenced by the organization's job satisfaction (Siagian et al., 2024). Employee job satisfaction is an individual's emotional reaction to his/her job and is based on their perception of how well their job satisfies their needs. When a job satisfies an individual's needs, it creates a feeling of job satisfaction and, thus, a positive attitude towards their job (Ndulue & Ekechukwu, 2016).

Employee performance in service sector organizations located in Karnali Province is a serious concern. Work-life balance and employee empowerment are two of the most influential factors influencing workplace performance. While the capacity of these factors to promote performance is known, the way in which they impact performance through job satisfaction is not completely understood. Therefore, the purpose of this study is to examine the impact of fair work-life balance policies and empowerment programs on employee performance and examine the mediating role of job satisfaction in this relationship. By learning more about the connections between these concepts, this study hopes to show how establishing work-friendly

environments that encourage autonomy, flexibility, and support will result in higher levels of job satisfaction and consequently, better performance results. The research will also provide evidence-based practices for service sector organizations in Karnali Province to establish work environments that promote employee welfare, agency, and job satisfaction, while promoting sustainable organizational success.

Service industry employee performance is vital to an organization's success; however, Karnali province organizations are unable to maximize their employees' productivity due to an unbalanced work-life and a lack of employee empowerment. Although previous research has established that work-life balance and employee empowerment are connected to employee performance, limited research exists examining the mediating effect of job satisfaction on employee performance in Karnali's underdeveloped and resource-constrained service sector. Therefore, the objective of this research is to investigate how work-life balance and employee empowerment affect employee performance in Karnali, while also exploring the mediating role of job satisfaction to offer strategic HR insights to improve the local service quality and employee wellness.

This study address existing knowledge gaps by focusing on two main inquiry objectives: (1) examining the direct relationships between employee work-life balance, employee empowerment, and employee performance in the service industry, (2) quantifying the degree to which job satisfaction mediates that relationship. The results of this study will be beneficial to Human Resource professionals in developing evidence-based employee retention strategies, thereby increasing the organization's overall performance and employee well-being.

Literature Review and Hypothesis Development: Workplace relationships, as George Homans' (1961) Social Exchange Theory (SET) states, are based on a cost-benefit analysis; when an individual receives what they feel is a valuable input, they tend to be inclined to provide a reciprocal input or reward to their organization. In Karnali's service sector, the majority of employees view their employer investing in them, i.e., giving them autonomy and respect for their personal time as a high-value input. Employees who have received a high-value input from their organization will experience an increase in their level of job satisfaction, which can become a major contributor to the organization receiving the employee's higher levels of performance and long-term commitment.

Work-life balance and employee performance: Ashwin and Muthukumar (2024) investigated the relationship of work-life balance to employee performance in the automobile industry in Chennai. The results of their study empirically confirmed an extremely high correlation between the successful implementation of work-life balance programs in organizations and higher levels of employee productivity and efficiency. In addition, a similar study by Xiaoli (2024) illustrated a very high correlation between the practice of work-life balance and employee performance outcomes.

In the same context, studies conducted by Melayansari & Bhinekawati (2020) and by Ansari et al. (2015) have shown that there is a direct positive impact on employee performance from the effective practice of work-life balance and that there are highly positive correlations between the practice of work-life balance and employee performance metrics respectively. Additionally, both studies suggest that policies that support the alignment of professional demands with personal well-being will likely result in optimal organizational outcomes; and also sustain workforce engagement.

Furthermore, studies conducted by Ihwughwavwe & Shewakramani (2024) illustrated that there was a statistically significant positive relationship between work-life balance and employee performance outcomes. Moreover, they suggest that when employees perceive their work-life balance as being effectively maintained, this perceived fulfillment acts as a mediating factor that enhances productivity and strengthens organizational commitment.

Finally, studies conducted by Mendis & Weerakkody (2018) have demonstrated a high level of correlation between work-life balance and employee performance. Moreover, the results of these studies illustrate that

improved work-life balance has a positive impact on employee performance and job satisfaction. Therefore, based on the views expressed by the above researchers, the researcher formulates the following hypothesis:

H_{A1}: Work-life balance significantly influences employee performance.

Employee empowerment and employee performance: Similarly, Alshemmari (2023) also established an empirical and statistically positive correlation between the application of employee empowerment practices and the enhancement of various performance outcomes; she therefore argues that both participative decision-making processes and autonomous policy environments serve as major factors to facilitate workforce innovation, accountability and the enhancement of operational efficiency. Likewise, Ekowati et al. (2021) also demonstrated a direct positive causal relationship between the implementation of employee empowerment and the improvement of performance outcomes; they therefore identify autonomy-based practices and inclusive governance systems as essential mechanisms by which delegation of decision-making authority can lead to improved task efficiency, innovation, and role-specific accountability. Furthermore, Mohapatra and Sundaray (2018) identified a significant relationship between employee empowerment and employee performance. They found that when employees have greater autonomy, are allowed to participate in decision making and are provided with the necessary resources to complete their tasks, their performance will increase. Additionally, Kumar and Sajid (2019) identified that employee empowerment has a positive influence on employee performance. Their research further highlighted that when employees are given the authority to make decisions, the required resources to do so and the support needed to be successful in completing their tasks, their overall performance increases substantially. Additionally, Meyerson and Dewettinck (2012) determined a positive association between employee empowerment and performance; they also found that providing employees with autonomy to make decisions, providing them opportunities to participate in decision making and providing them with training and skill development leads to an increase in productivity, motivation and job satisfaction. The literature above clearly indicates that there is a significant relationship between employee empowerment and employee performance. Thus, it is hypothesized that:

H_{A2}: Employee empowerment significantly influences employee performance.

Work-life balance and job satisfaction: In accordance with Pratama and Srimulyani (2022) there exists an important statistical relationship between WLB and job satisfaction; they also stated that each factor affects the other within organizational environments. Similarly, M et al. (2024) discovered a significant correlation between WLB and job satisfaction, affirming the interdependent nature of these variables within contemporary workplace environments. Furthermore, Siagian et al. (2024) found that quality of work life and WLB are positively associated with job satisfaction; their results illustrate the interdependent nature of these variables and how they contribute to employee well-being. Additionally, Runze et al. (2023) demonstrated a significant positive association between WLB and job satisfaction; they found that employees' ability to successfully integrate professional obligations and personal needs lead to high job satisfaction. Similar to the study by Runze et al., Shetty & Mahale (2024) found that WLB has a significant influence on job satisfaction among media professionals. Specifically, media professionals face additional stressors such as demanding schedules, unpredictable work hours, and rapidly changing industry demands, which all contribute to dissatisfaction. Additionally, similarly to Shetty & Mahale (2024), Pandey (2016) found that WLB, as a factor of the balance between professional responsibilities and personal life, has a significant influence on job satisfaction. They concluded that when employees can create this balance, they experience enhanced emotional fulfillment, reduced stress and increased engagement in their roles. Thus, based upon the above-mentioned research, a clear connection was shown between work-life balance and job satisfaction. Therefore, the following hypothesis is developed:

H_{A3}: Work-life balance significantly influences job satisfaction.

Employee empowerment and job satisfaction: As a result of Elnaga and Imran (2014) it was shown that employee empowerment had a statistically significant positive effect upon job satisfaction. This is because, when employees are given the power to make decisions and have the support of management, they become more committed to their job and feel more fulfilled in their work; as stated in Rana & Singh (2016). They also researched employee empowerment which was described as giving employees autonomy, making them able to make decisions, and providing employees with the tools needed to do their jobs, and they were able to establish a statistical significance for the relationship between these two factors and job satisfaction. Employees who felt they had been empowered demonstrated an increased level of job satisfaction based on a feeling of ownership, trust and being aligned with the organizations' goals, as stated in Rana & Singh (2016). Roy (2024) analyzed how employee empowerment (providing employees with authority, allowing employees to make their own decisions, and providing employees with the necessary resources) and autonomy (employees having control over how they execute their tasks) affected job satisfaction and organizational commitment. The results of this study showed a statistically significant positive relationship between employee empowerment and job satisfaction. As stated in Kohli and Sharma (2022), employee empowerment positively affects job satisfaction. Additionally, Kohli and Sharma (2022) established a statistically significant relationship between employee empowerment and job satisfaction. Aklilu (2018) examined the effects of employee empowerment (autonomy, skill development, and recognition) on employee job satisfaction within the banking industry of Dire Dawa in Ethiopia. The research indicated that employee empowerment through the use of specific training programs to develop the skills and confidence of employees, and the use of incentive programs (both monetary and non-monetary) significantly enhanced employee job satisfaction by creating a sense of worth, personal growth, and fairness. Shakya and KC (2023) researched the relationship between employee empowerment and job satisfaction within the context of Nepalese commercial banks. The results of the research indicated that there is a statistically significant positive relationship between employee empowerment and job satisfaction. In light of the correlation between employee empowerment and job satisfaction previously demonstrated in existing literature, the following hypothesis can be developed:

H_{A4}: *Employee empowerment significantly influences job satisfaction.*

Job satisfaction and employee performance: Ndulue and Ekechukwu (2016) used Nigerian Breweries PLC's Kaduna State branch to determine how job satisfaction influences employee performance. They developed three dimensions of job satisfaction: nature of the job, job rewards and job security and showed there was a positive linear relationship between these factors and employee performance. Similarly, Appasamy (2022) found that job satisfaction had a statistically significant and positive impact on employee performance. This further supports the notion that employees will be more productive, engaged and effective when they are satisfied with their jobs.

Kishori and Priya (2020) also illustrated that job satisfaction was significantly correlated to employee performance; this indicates that employees who have greater job satisfaction are more likely to be more productive and aligned with organizational objectives. As such, Ratnasih et al. (2022) further supported job satisfaction as having a direct positive influence on employee performance, indicating job satisfaction can result in increased productivity, efficiency and achieving organizational goals. Similarly, Sah and Pokharel (2022) illustrated a statistically significant positive relationship between job satisfaction and employee performance and emphasized that satisfied employees produce more and are more aligned with organizationally defined goals. In light of the above-mentioned studies demonstrating a correlation between job satisfaction and employee performance, the following hypothesis is proposed.

H_{A5}: *Job satisfaction significantly influences employee performance.*

Job satisfaction as a mediator of *work-life balance* and *e*mployee performance: The findings of Jamilah et al. (2024) indicated that the impact of work-life balance on an employee's job satisfaction contributes to an increase in their level of performance. The authors of the article stated that as the amount of time spent on
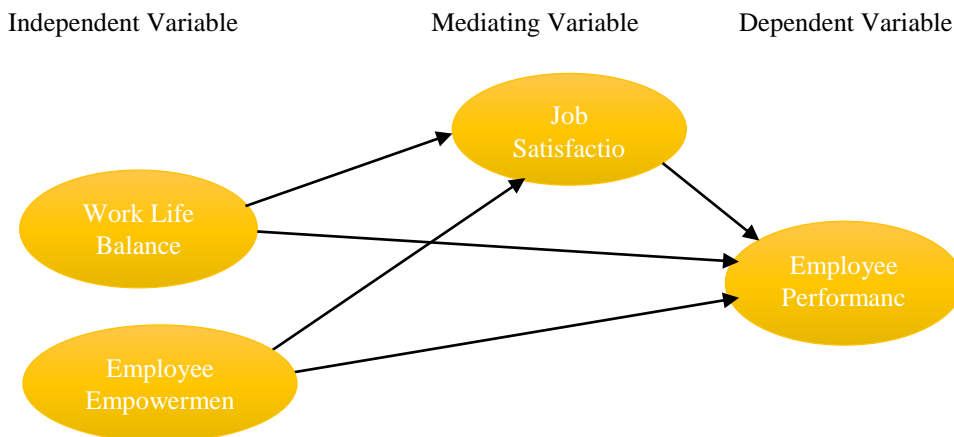
achieving a balance between one's work and personal life increases, so does the employee's job satisfaction, which ultimately results in increased levels of employee performance. In addition, similar research conducted by Udin (2023) also demonstrated that work-life balance has a positive influence on employee performance; however, it was shown that this positive relationship exists due to the mediation of job satisfaction. Therefore, when employers implement programs that support work-life balance, they are enabling their employees to be more satisfied in their jobs, thereby increasing their productivity, engagement and ability to reach their goals. Similar to the studies previously mentioned, Efendi et al. (2022) indicated that there is a very strong and positive correlation between work-life balance and an employee's level of performance. However, the authors of this study also identified that job satisfaction plays a mediating role in this positive relationship. This study supports the concept that employees who achieve a greater balance between their work and personal lives will generally have a greater degree of success at performing their duties as a result of increased job satisfaction, bridging the gap between balance and high performance. Therefore, based upon the previously established relationship between work-life balance and employee performance, as well as job satisfaction being the mediator in the relationship, the following hypothesis is presented:

H_{A6}: *Job satisfaction as a mediator of work-life balance and employee performance.*

Job satisfaction as a mediator of *employee empowerment and e*mployee performance: Iswara and Riana (2019) observed a strong correlation between the degree to which employees are empowered to make decisions and their level of job performance, with job satisfaction being an intermediate variable. Similarly, Putra and Rahyuda (2019) have shown that psychological empowerment is positively related to employee performance and that job satisfaction plays an important intervening role in this relationship. Considering previous research indicating that employee empowerment has a direct impact on employee performance, and job satisfaction is an intermediary variable, the next hypothesis is posited:

H_{A7}: *Job satisfaction as a mediator of employee empowerment and employee performance.*

Conceptual Framework of the Study:

Independent Variable   Mediating Variable   Dependent Variable

Figure 1: Conceptual Framework of the Study

2. METHODS

The purpose of this study was to examine whether Work-Life Balance (WLB) and Employee Empowerment (EE) have an impact on Employee Performance (EP). To do that, the study also examined the influence of Employee Empowerment (EE) on Job Satisfaction (JS) as it may be a mediating variable; and the influence

of Work-Life Balance (WLB) and JS on Employee Performance (EP). The study was restricted to service industry firms in the Karnali province of Nepal. Questionnaires (structured with demographics and five-point Likert scales for WLB, EE, JS and EP) were used as the primary data collection method. The questionnaire was developed based on previous literature and by consulting experts to establish reliability and validity. Using a convenience sampling strategy, the researchers collected 402 responses from 500 questionnaires provided to service industry employees in the Karnali province. The response rate (80.4%) exceeded the minimal recommended level of 50% by Hair et al. (2017). Smart PLS was used to evaluate the direct effects (of WLB and EE on EP) and the indirect effects through JS. Therefore, the study's findings will provide insights into improving organizational strategies to support improved employee performance in the geographic region being studied.

3. RESULTS

Descriptive statistics were employed by this study to present descriptive data regarding demographic variables of the participants, which included gender, marital status, age, and caste. The overall objective of this study was to assess how work/life balance and employee empowerment affect employee performance. In addition, the mediating effects of job satisfaction between the organizational practice (employee empowerment) and employee performance are examined. A survey of employees at various organizations in the service sector in Karnali Province was conducted to collect the data for the study. The demographic data is organized in a tabular form and presented in a sequential manner so that the reader can have a clear and concise view of the participant's profile. The ultimate purpose of this study is to explore the inter-relationship of organizational practices and employee outcomes (well-being) and ultimately improve our knowledge of the Human Resource Management Dynamics in the Service Sector of Karnali Province.

Table 1: Demographic Profile of the Respondents

Categories		Frequency	Percent
Gender	Male	256	63.7
	Female	146	36.3
Age	Upto 25	42	10.4
	26-35	219	54.5
	36-45	121	30.1
	Above 46	20	5
Marital Status	Married	299	74.4
	Unmarried	103	25.6
Caste Status	Brahman	163	40.5
	Chhetri	185	46
	Janajati	50	12.4
	Others	4	1

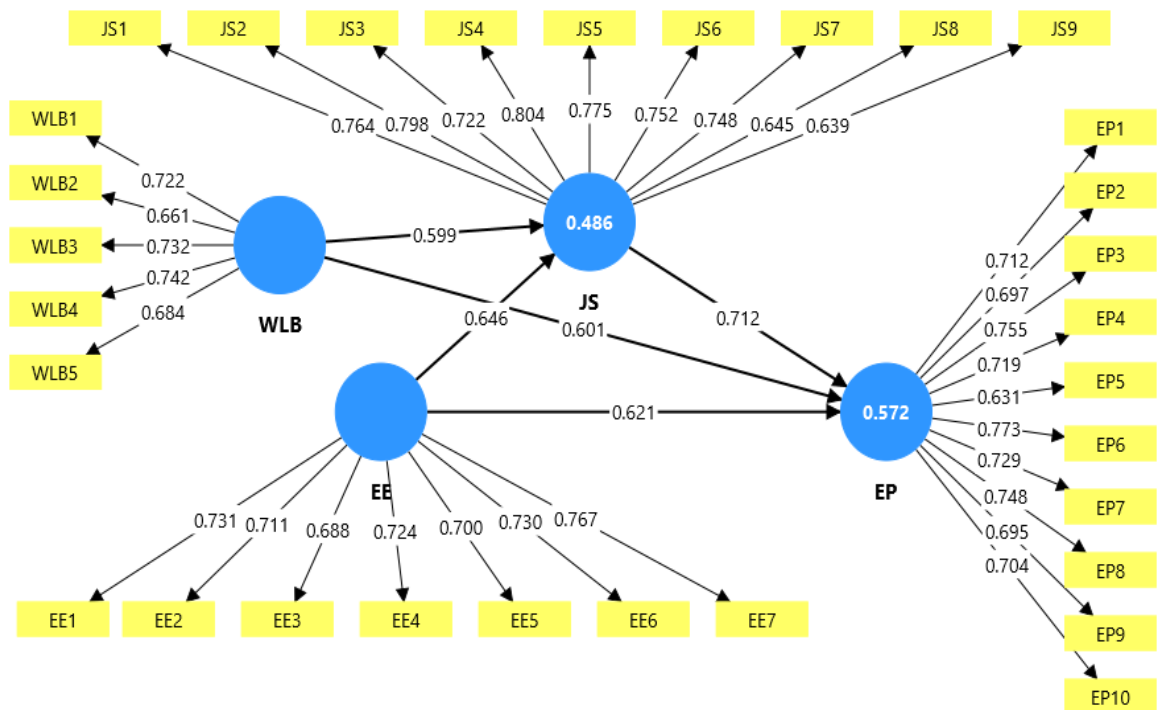*Source: Calculation based on Author Survey, 2025*

The Table 1 outlines the demographic characteristics of the participants and reveals that the sample consists of a predominantly male population with a gender ratio of 63.7 percent male and 36.3 percent female. As for age distribution, 54.5 percent of the sample was between 26-35 years old while 30.1 percent were in the 36-45 years old category. Conversely, only 10.4 percent of the sample consisted of participants who were 25 years or less, while only 5 percent of the sample included participants older than 46 years. When it comes to marital status, 74.4 percent of respondents identified themselves as married, while 25.6 percent reported they were single. The ethnic composition of the sample showed a significant presence of Chhetris at 46 percent, followed closely by Brahmans at 40.5 percent. The remainder of the sample was comprised of Janajatis (12.4

percent) and other castes (1 percent). These findings characterize the sample as primarily young, married and male with an over-representation of Chhetris and Brahmans.

This study found a very diverse demographic profile with a skewed demographic representation among the participant sample.

Measurement Model (Outer Model): Using SmartPLS the study evaluated the convergent and discriminant validity of the measurement model. The convergent validity was supported as shown in Table 2 where all items have a factor loading that is greater than .631 but less than or equal to .804. Additionally, reliability testing supported the constructs as there were high values for Cronbach's Alpha (α) and Composite Reliability (CR) for all variables, and the Average Variance Extracted (AVE) was high enough for all constructs to exceed the minimum threshold of .50.

Hair et al. (2016) established the criteria, which these results meet and therefore support the resiliency of the measurement model.

Figure 2: Measurement Model

Table 2: Factor Loadings, VIF, Cronbach's Alpha, Composite Reliabilities, and Average Variance Extracted

Construct	Factor Loading	VIF	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
EE1	0.731	1.691			
EE2	0.711	1.866			
EE3	0.688	1.812	0.847	0.848	0.521
EE4	0.724	1.649			
EE5	0.700	1.594			

EE6	0.730	1.684
EE7	0.767	1.827
EP1	0.712	2.143
EP2	0.697	1.772
EP3	0.755	1.877
EP4	0.719	1.695
EP5	0.631	1.832
EP6	0.773	2.278
EP7	0.729	1.930
EP8	0.748	1.902
EP9	0.695	1.912
EP10	0.704	1.846
JS1	0.764	1.938
JS2	0.798	2.140
JS3	0.722	1.827
JS4	0.804	2.436
JS5	0.775	2.223
JS6	0.752	1.950
JS7	0.748	1.943
JS8	0.645	1.497
JS9	0.639	1.502
WLB1	0.722	1.459
WLB2	0.661	1.352
WLB3	0.732	1.431
WLB4	0.742	1.481
WLB5	0.684	1.275

The EP block (EP1–EP10) has values 0.895, 0.898, 0.515. The JS block (JS1–JS9) has values 0.896, 0.900, 0.549. The WLB block (WLB1–WLB5) has values 0.753, 0.757, 0.503.

Source: Calculation based on Author Survey, 2025

Table 2 displays the results of the metric analysis for four constructs (JS, EE, EP, WLB): The factor loadings (all ≥ 0.6) indicate an appropriate fit between items and their respective construct; however, two items on the JS scale, JS8 (0.645) and JS9 (0.639), were marginally lower than the others. The VIF (Variance Inflation Factor) scores (1.275 – 2.436) are below the 5.0 threshold, and therefore, there are no concerns about multicollinearity in this study. The reliability of each construct was high; both Cronbach's Alpha and composite reliability (CR) exceeded .70 for each construct, with EP (α = .895; CR = .898) and JS (α = .896; CR = .900) having the most consistent measures. Convergent validity was confirmed as AVE (Average Variance Extracted) values for all constructs exceeded .50; however, WLB (AVE = .503) had a marginal AVE value. Overall, the four constructs meet the criteria for reliability and validity, with EP and JS being the two constructs with the best psychometric performance.

Table 3: Construct reliability and validity

Construct	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
EE	0.847	0.848	0.521
EP	0.895	0.898	0.515
JS	0.896	0.900	0.549
WLB	0.753	0.757	0.503

Source: Calculation based on Author Survey, 2025

The reliability and validity of four constructs (EE, EP, JS, WLB) in Table 3 have strong internal consistency based on Cronbach's Alpha and Composite Reliability (CR), with each value being greater than .70, which indicates that they are reliable. The two most reliable constructs were EP (.895 alpha; .898 CR) and JS (.896 alpha; .900 CR), whereas WLB (.753 alpha; .757 CR) barely met the minimum criteria for reliability. Although AVE was over .50 for each construct to validate convergent validity, the AVE for WLB (.503) was the lowest of the four. Therefore, overall, both EP and JS had the highest psychometric performance; however, each construct was reliable and valid.

Table 4: Heterotrait-Monotrait ratio (HTMT) – Matrix

Construct	EE	EP	JS	WLB
EE				
EP	0.706			
JS	0.738	0.787		
WLB	0.744	0.716	0.725	

Source: Calculation based on Author Survey, 2025

The Heterotrait-Monotrait Ratio (HTMT) matrix in Table 4 measures the discriminant validity for all constructs (EE, EP, JS, WLB). All values in the HTMT are under a conservative cutoff of 0.85, thus providing evidence that each construct is sufficiently distinct from the others and the constructs are not too highly correlated with one another. Although JS and EP (0.787) and EE and WLB (0.744) have the largest HTMT values and thus demonstrate a moderate to strong relationship between them, the correlation between them appears to be sufficiently low as to allow them to maintain some degree of discriminant validity between them. JS and WLB (0.725) and EP and WLB (0.716) indicate a slightly smaller yet still significant amount of overlap between them. Overall, these data support the notion that the constructs do share variance among each other while still maintaining a level of discriminant validity that meets strict discriminant validity requirements. Finally, the absence of HTMT values greater than 0.85 provides additional evidence that the constructs are independent of one another.

R- Square

To assess the structural model in this research study, an R-Square (R^2) analysis was conducted. Higher R^2 results indicated that there is a good correlation between the model and the data provided, and therefore, a better fit. R^2 results for the endogenous latent variables, were used to assess how well the model explained the data (i.e., high, moderate, low); thereby assessing the overall explanatory power of the model.

Table 5: R-square

Construct	R-square	R-square adjusted
EP	0.575	0.572
JS	0.489	0.486

Source: Calculation based on Author Survey, 2025

The R-squared value shows that 57.5% of the variance is explained by the EP model and 48.9% is explained by the JS model. The difference between the R-squared value and the adjusted R-squared value is minimal for both models (EP = 0.572 vs. 0.572; JS = 0.486 vs. 0.486), indicating there may be little overfitting due to a moderate number of predictor variables, as well as relatively few predictors. Overall, the EP model has better explanatory ability than the JS model, although both models are able to provide good predictions of the dependent variable.

Structural Model (Inner Model): In order to determine whether or not the structural relationships implied by the proposed model are significant, a series of path coefficient calculations was conducted using Partial Least Squares (PLS) methodology via the SmartPLS software package. Specifically, this "inner-model" testing process is used to examine the associations among the constructs, the statistical significance values for those associations, and the R-squared (R2) values of the endogenous constructs in the proposed model development framework. The primary focus when interpreting the bootstrapping results for determining statistical significance will be on two key measures; the R^2 value of each of the endogenous latent construct(s) (representing predictive ability), and the t-value(s) corresponding to each of the paths from an exogenous latent construct to its respective endogenous construct(s) (representing the strength and statistical significance of that relationship).

Hypothesis Testing (Bootstrapping): Statistical testing to determine whether hypotheses are supported or rejected is based on assessing the statistical significance (i.e., p-value and t-statistic) from the hypothesized relationship(s) between constructs in the current study; however, for each of the relationships between constructs examined in the bootstrapped analyses used in this study, a two-tailed critical t value of 1.96 was selected (to achieve an alpha-level of .05 or 5%). If a t-statistic is greater than the critical t-value of 1.96, then that path is statistically significant, and the corresponding hypothesis can be accepted as true.
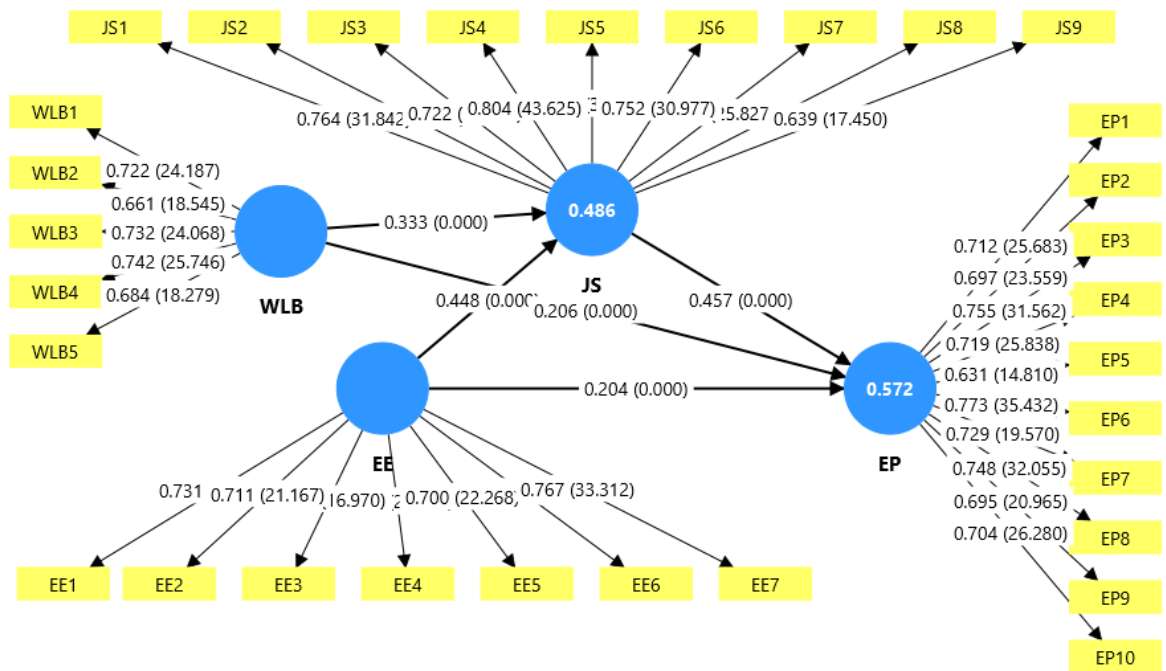

Figure 3: Bootstrapping Result

Table 6: Path coefficients (Direct Effect)

Construct	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	Decision
EE -> EP	0.204	0.204	0.054	3.778	0.000	Accepted
EE -> JS	0.448	0.449	0.05	9.012	0.000	Accepted

JS -> EP	0.457	0.459	0.06	7.603	0.000	Accepted
WLB -> EP	0.206	0.205	0.059	3.517	0.000	Accepted
WLB -> JS	0.333	0.334	0.056	5.901	0.000	Accepted

Source: Calculation based on Author Survey, 2025

The values presented in Table 6 indicate that all of the direct paths were found to be statistically significant as shown by the relationships among constructs (EE, EP, JS, WLB); each of these paths was highly significant ($p < .001$), had a t statistic greater than 3.0 (thus surpassing the 1.96 threshold for $p < .01$), thus providing strong evidence to support the hypotheses. The largest direct effect was JS -> EP ($\beta = .457$; t = 7.60), which shows that job satisfaction has a large effect on employee performance. Additionally, EE -> JS ($\beta = .449$; t = 9.01) and WLB -> JS ($\beta = .334$; t = 5.90) demonstrate that employee engagement and work-life balance also have a positive relationship with job satisfaction. Finally, the direct effect of EE -> EP ($\beta = .204$) and WLB -> EP ($\beta = .206$) showed modest but direct effects of employee engagement and work-life balance on employee performance. Low standard deviation (SD) values (.05- .06) and consistent sample means provide further evidence for the reliability of the measurement model. Overall, these results support the hypothesized causal paths and emphasize the importance of JS as an intervening variable or mediator and amplifier of the effects of EE and WLB on EP.

Table 7: Specific indirect effects

Path	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
WLB -> JS -> EP	0.152	0.154	0.036	4.229	0.000
EE -> JS -> EP	0.205	0.206	0.033	6.237	0.000

Source: Calculation based on Author Survey, 2025

The statistical significance of Table 7's specific indirect effects of the two mediated paths in the model is established ($p<0.001$). As a result, T-statistics in excess of 3.0 (a conservative threshold) and p-values of .000 have been obtained. Therefore, the indirect effect of WLB on EP via JS is .152 and has a small standard deviation (.036); the indirect effect of EE on EP via JS is .205 and has an equally low standard deviation (.033). In addition, since EE -> JS -> EP (T=6.237) has a larger T statistic than WLB -> JS -> EP; this supports that JS plays a greater mediating role from EE to EP than it does from WLB to EP. These data therefore support that JS is a significant mediator of both the WLB and EE influences on EP and thus support the hypothesized mediation structure.

Table 8: F-Square

Construct	EE	EP	JS	WLB
EE		0.050	0.254	
EP				
JS		0.252		
WLB		0.057	0.140	

Source: Calculation based on Author Survey, 2025

The relationship between the constructs (EE, EP, JS, WLB) is shown in Table 8 using f² to describe the size of each relationship (Cohen's Benchmarks). EE has a small effect on EP ($f^2 = .050$) and a moderate effect on JS ($f^2 = .254$), and JS has a moderate effect on EP ($f^2 = .252$) and also, highlighting the important mediating role of JS. WLB has a small effect on EP ($f^2 = .057$) and a moderate effect on JS ($f^2 = .140$). Empty cells

indicate the relationship was not tested. EE -> JS and JS -> EP have moderate effects, which demonstrates the potential impact they can have on employee outcomes, consistent with previous research that highlights JS as a key mediator and EE/WLB as drivers of employee outcomes.

4. DISCUSSION

The researchers evaluated 7 specific hypotheses about the relationships between the variables. In particular, they investigated whether work-life balance and employee empowerment positively impact employee performance directly or indirectly through the mediating role of job satisfaction. The researchers assessed the entire model based on the context of service sector organizations in Karnali Province.

The researchers found empirical evidence to confirm the first hypothesis (HA_1). Work-life balance is significantly associated with employee performance (p = .000). The findings are similar to prior research (Ashwin & Muthukumar, 2024; Xiaoli, 2024; Ihwughwavwe & Shewakramani, 2024; Melayansari & Bhinekawati, 2020; Mendis & Weerakkody, 2018), indicating that organizations with effective work-life policies will be able to improve the productivity of their employees in service-sector organizations. Consistence of findings across the studies indicates that the ability to manage both professional and personal needs will result in the most desirable employee work outcomes.

Similarly, the second hypothesis (HA_2) stating that "Employee Empowerment will Positively Impact Employee Performance" was supported by the study results, with a p-value of .000. The study results were similar to those reported by Alshemmari (2023); Ekowati, Nugroho and Lestari (2021); Kumar and Sajld (2019); and Mohapatra and Sundaray (2018), who all stated that empowerment was one of the main contributors to workplace productivity. Confirmation of $_{HA2}$ further emphasizes the importance of giving employees the ability to make decisions and take responsibility for their work, as it leads to higher levels of employee performance. Similarly, the commonality of findings among the studies provides evidence for empowerment as a way to improve workplace efficiency globally, particularly in service sector organizations where employee motivation and engagement are key components of achieving business success.

The researcher's findings show that the third hypothesis (HA3), "Work Life Balance has a statistically significant positive effect on Job Satisfaction," is true at a .000 level of confidence. Research done in prior years by M et al. (2024); Siagian, Saputra and Wahyuningsih (2024); Shetty and Mahale (2024); Runze, Liu, Chen and Zhang (2023); and Pandey (2016) showed that fair work-life practices (i.e., allowing employees to have a flexible schedule or manageable workload) could have a direct and positive effect on an employee's job satisfaction. The results of the study demonstrate that companies need to allow employees to have balanced experience while working so they can be more productive and committed to the workplace environment in service sector organizations.

The fourth hypothesis (HA4) states that "Employee Empowerment will Positively Affect Job Satisfaction", and it was also proven at a .000 level of confidence. The study's results were similar to prior studies completed by Roy (2024); Shakya and Kc (2023); Kohli and Sharma (2022); Aklilu (2018); and Rana and Singh (2016), where the effect of employee empowerment through autonomy, decision-making and access to resources had on employee job satisfaction was illustrated. Thus, the study's results indicate that empowering programs created by service sector organizations will positively affect employees' commitment and overall well-being.

The fifth hypothesis (HA_5), stating that "Job Satisfaction will have a Statistically Significant Positive Effect on Employee Performance", was strongly empirically supported. The researcher found that there was a statistically positive correlation between job satisfaction and employee performance according to the data analysis (.000). The results of the study are consistent with previous studies conducted by Appasamy (2022); Ratnasih, Priyo and Pranowo (2022); Sah and Pokharel (2022); and Kishori and Priya (2020), which all illustrated the importance of job satisfaction as a predictive factor of employee performance.

The sixth hypothesis (HA6), stating that "work-life balance has a positive effect on employee performance through job satisfaction" was supported with strong empirical evidence as indicated by a p-value of .000. The results of the current study are consistent with other studies completed by Jamilah, Sugiyarto and Susanti (2024); Udin (2023); and Efendi et al. (2022).

The seventh hypothesis (HA7), stating that "job satisfaction will mediate the relationship between employee empowerment and employee performance", was also supported with strong empirical evidence as indicated by a p-value of .000. The results of the study are consistent with prior studies conducted by Iswara and Riana (2019) and Putra and Rahyuda (2019).

5. CONCLUSIONS

Employee performance is positively affected by Work-Life Balance (WLB) and Employee Empowerment in Service-Sector Organizations located in Karnali Province, Nepal; and job satisfaction has been demonstrated to be a significant mediator between WLB/EE and Employee Performance. The results from this research support the proposed hypotheses; specifically, that both WLB and EE have direct effects on Employee Performance and indirect effects through increased job satisfaction. This supports the established theoretical frameworks of the Job Demands-Resources Model and Social Exchange Theory and adds to their contextual applicability by highlighting the importance of understanding the socio-cultural and infrastructural realities of working in Karnali Province. The fact that job satisfaction acts as an intermediary variable shows that creating a positive workplace climate and promoting employees' psychological well-being must be at the heart of organizations developing strategic interventions designed to increase employee productivity. Therefore, a successful, sustainable service-sector organization in Karnali must adopt employee-centred approaches.

Service-sector organizations in Karnali Province should therefore implement strategies which promote WLB (e.g. flexible schedules, workload management) and provide employees with autonomy, skills training, and resources. Policymakers must advocate for legislation to support WLB, and managers must develop leadership styles that take account of the local constraints to implementing WLB and EE (e.g. poor transport infrastructure, traditional culture). If these strategies are tailored to address the specific needs of Karnali Province (e.g. by using community-based empowerment approaches), they will be more effective and relevant. Ultimately, if organizations can create workplaces where employees feel supported and satisfied with their jobs, they can foster high levels of engagement, productivity, and resilience, thus ensuring long-term success in the highly competitive service sector market in Karnali Province.

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