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Psychological Empowerment and Performance of Millennials and Generation Z Employees in the IT Sector: Mediating Role of Affective Commitment

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Abstract

Background: In today's technologically advanced and competitive workplace, employee performance has grown more important, particularly as Gen Z and millennials change workplace expectations with stronger desires for autonomy, flexibility, and meaningful work. Understanding how psychological empowerment enhances performance and emotional commitment among younger workforce cohorts is crucial for improving motivation, retention, and long-term organizational sustainability in the rapidly expanding IT sector.

Purpose: This study examines the influence of psychological empowerment dimensions (meaning, competence, self-determination, and impact) on the performance of millennials and Gen Z employees in Nepal's IT sector, and how affective commitment mediates these relationships within the dual theoretical perspectives of self-determination and social exchange theories.

Design/methodology/approach: Purposively, cross-sectional data were collected from 270 millennials and Gen Z employees involved in technical roles and remote work roles. The structural path was examined using SmartPLS 4.0v.

Findings: The descriptive findings demonstrated moderate levels of empowerment and intrinsic motivators as key drivers of performance and emotional attachment in digitally enabled work settings. All the dimensions of psychological empowerment showed significant influence on employee performance, with impact emerging as the most dominant factor and self-determination exerting the least influence. Similarly, affective commitment mediated the relationship between all four dimensions of psychological empowerment and performance.

Conclusion: The findings highlight that psychological empowerment serves as a psycho-relational process that converts intrinsic motivation into affective reciprocity, providing multi-level implications for promoting an empowered, emotionally resilient, and high-performing workforce. This study highlights the significance of employees feeling psychologically empowered and emotionally connected in fostering long-term relationships with the organization.

Keywords: Affective commitment, employee performance, Generation Z, Millennials, psychological empowerment.

1. Introduction

Employee performance (EP) has become a key determinant of organizational competitiveness and sustainability in today's knowledge-driven economy (Tuffaha, 2020; Bhandari et al., 2024), impacting not just operational efficiency but also innovation and long-term growth (Khalil et al., 2024). Performance is no longer limited to task completion; rather, the modern workplace demands agile working behaviors, continuous learning, and discretionary efforts to thrive in volatile, uncertain, complex, and ambiguous (VUCA) environments (Shet, 2024). This reality is especially salient in today's job market, where IT has transformed work structures and created new challenges for managing human capital (Dabic et al., 2023). Within this environment, millennials (born 1981-1996) and Generation Z (Gen Z: born 1997-2012) represent the dominant workforce cohorts, bringing distinctive value, expectations, and motivations compared to previous generations (Waworuntu et al., 2022). Unlike Baby Boomers and Generation X, these younger cohorts are placing a greater emphasis on intrinsic factors, such as autonomy, flexibility, empowerment, well-being, personal growth, and organizational values, over mere extrinsic rewards, thereby reshaping the drivers of EP (Saraiva & Nogueiro, 2025; Ojha, 2025).

The IT sector in Nepal provides a compelling foundation for this study. The government has declared 2025-2024 as the "decade of information technology" and is experiencing significant growth (Ministry of Communication and Information Technology, 2023), aiming to create an additional 1.5 million IT-related jobs. Current data indicates that the sector has already generated 51,781 full-time jobs and 14,728 freelance jobs, with millennials and Gen Z comprising a significant portion of the IT workforce (Institute of Integrated Development Studies [IIDS], 2023). Among the Nepali population, 14.9% fall within the age bracket of 18-24, while 17.5% are aged between 25 and 34, indicating a substantial pool of millennials and Gen Z cohorts (IIDS, 2023). However, as younger cohorts show limited attachment with organizations, this promising growth is restrained by a global generational trend of higher job mobility and lower organizational loyalty. For Nepalese IT companies, this poses a significant challenge: not only attracting but also retaining and motivating their core talents to maintain better performance over time.

In organizational contexts, psychological empowerment (PE) has been identified as a significant predictor of several behaviors, such as innovation behaviors (Javed et al., 2019), organizational citizenship behavior (Joo & Jo, 2017), positive outcomes such as job performance (Pacheco & Coello-Montecel, 2023), and positive attitudes such as job satisfaction and commitment (Mathew & Nair, 2022). Ibrahim et al. (2024) have shown that PE aligns perfectly with the asserted needs of millennials and Gen Z for agency, mastery, and purpose in their careers and working environment. Although the influence of PE on both individual and organizational variables has been established across multiple studies (Li et al., 2015; Llorente-Alonso et al., 2024), the generalization of PE's positive impact across diverse contexts (industry, culture, occupations) and generational cohorts (millennials and Gen Z) has not been addressed thoroughly. The majority of prior studies on PE have been documented in Western or manufacturing contexts (Maynard et al., 2012; Llorente-Alonso et al., 2024); generalizing findings from this context will be problematic, as the motivation and social exchange dynamics of emerging economies and non-IT settings may differ significantly.

This gap in the literature has prompted scholars to identify mediating and moderating factors to explain how PE affects performance. Over the past decades, scholars have examined the impact of various psychological variables, such as work engagement, oraganizational citizenship behavior (OCBs), intrapreneurial behavior, job satisfaction, and psychological well-being, which play a mediating role in the PE-performance linkage (Juyumaya, 2022; Chiang & Hsieh, 2012; Mahmoud et al., 2022; Olcer & Florescu, 2015; Ahmed & Malik, 2019). Among these mechanisms, affective commitment (AC) stands out as particularly salient. In contrast, scholars such as Jha (2011) and Islam et al. (2014) have revealed that PE enhances employees' affective bond with their organization, which in turn promotes quality of performance, agile behaviors, and discretionary efforts in border contexts. Despite the recognition of AC as a potential mechanism, studies remain limited in understanding the specific psyche of Millennial and Gen Z IT professionals.

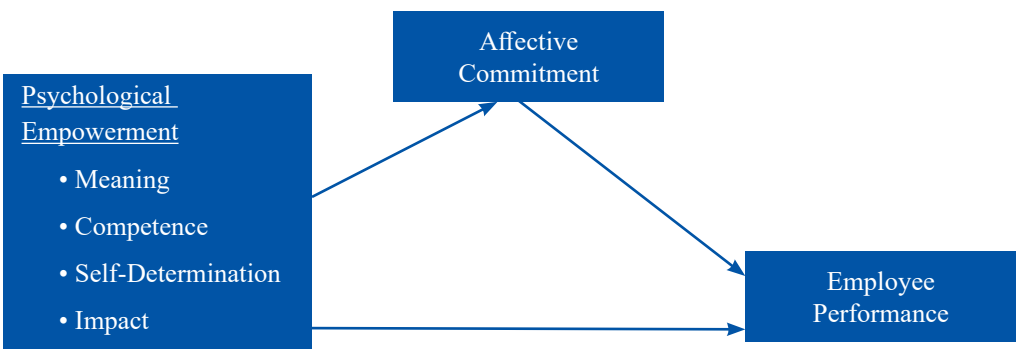
While previous studies on PE, EP, and AC have been largely documented from general organizational behavior and leadership perspectives, this study fulfills the empirical gap by situating this relationship within a dual-perspectives approach through the motivational lens of self-determination theory (SDT) and the reciprocal framework of social exchange theory (SET), tailoring the characteristics of millennial and Gen Z cohorts. This study aims to examine the influence of PE on the performance of millennials and Gen Z employees in Nepal's IT sector through the mediating role of AC. Theoretically, this study offers novel perspectives by refining the PE-performance model, establishing new psychological connections between the organization and the modern workforce. Practically, this study provides insights for Nepalese IT organizations, leaders, and policymakers on engaging young talent and supporting the strategic goals of the "IT decade" by effectively addressing human capital challenges, such as quiet quitting, retention, and performance.

2. Literature Review

Research Model

This research model is guided by SDT and SET, integrating both motivational and social relational perspectives. SDT explains how PE fosters employee engagement and performance by satisfying their intrinsic needs (meaning, competence, self-determination, and impact) from a motivational perspective (Deci et al., 1985; Gagne et al., 2018). From a social-relational viewpoint, SET explains how empowered employees reciprocate organizational support through increased AC and improved performance (Arhim et al., 2024; Cook et al., 2013). This dual-perspective approach combines individual psychological processes with organizational relational mechanisms, providing a comprehensive framework that links the relationship between empowerment and performance through AC. The study focuses on the IT sector, where knowledge-intensive work and high autonomy make empowerment particularly salient, highlighting the relevance of SDT and SET in understanding how psychological resources and relational reciprocity jointly influence performance outcomes.

Figure 1: Research Model



Psychological Empowerment and Employee Performance

The concept of empowerment has been extensively studied in various fields, including social science, psychology, management, and organizational behavior (Llorente-Alonso et al., 2024; Dennerlein & Kirkman, 2022). There are two distinct interpretations of empowerment in literature, i.e., structural and psychological perspectives (Spreitzer, 1996). This study will primarily focus on PE, as conceptualized by Thomas and Velthouse (1990) and Spreitzer (1995). Unlike structural empowerment, which emphasizes managerial delegation of authority, PE entails a proactive, work-related motivational state, shaped by employees' perceptions of their roles and capacities (Spreitzer, 1996; Oliveira et al., 2023). It consists of four cognitive dimensions, i.e., meaning, competence, self-determination, and impact (Spreitzer, 1995; Thomas & Velthouse, 1990). These dimensions collectively foster intrinsic motivation, driving employees to perform effectively.

Based on the SDT theory (Deci & Ryan, 1985), which holds that human motivation is sustained when the three fundamental psychological needs are satisfied (i.e., autonomy, competence, and relatedness). By meeting these psychological needs, employees become intrinsically motivated, which improves engagement, persistence, and performance. These needs are strongly aligned with the four dimensions of PE. Meaning and impact fulfill relatedness and purpose, competence satisfies the demand for capability, and self-determination directly addresses autonomy. Hence, this association provides a strong rationale for the positive influence of empowerment on performance. Extant research has linked PE to diverse organizational outcomes, including employee well-being, work engagement, innovative behaviors, OCBs, job satisfaction, and reduced turnover intentions (Juyumaya, 2022; Chiang & Hsieh, 2012; Mahmoud et al., 2022; Olcer & Florescu, 2015; Ahmed & Malik, 2019; Coun et al., 2022; Kumar et al., 2022; Simkhada et al., 2025). Conversely, its absence has been linked to absenteeism, conflict, decreased productivity, and even heightened workplace risks (Daniel, 2019).

Meaning involves the alignment between the values and requirements of work roles and an individual's belief system (Spreitzer, 1995; Thomas & Velthouse, 1990; Oliveira et al., 2023). If employees believe that their work is meaningful, they adopt organizational goals as their own, experience intrinsic satisfaction, and proactively engage in their tasks (Spreitzer, 1995). Competence, also known as self-efficacy, refers to employees' belief in their ability to complete tasks successfully (Spreitzer, 1995; Thomas & Velthouse, 1990; Oliveira et al., 2023). Employees with a high level of self-efficacy are more likely to undertake challenging tasks, persevere through obstacles, and achieve superior outcomes (Tuuli & Rowlinson, 2009; Patil et al., 2023). Likewise, self-determination reflects a person's belief in their ability to take the initiative and control their behavior (Spreitzer, 1995; Thomas & Velthouse, 1990). Employees who feel empowered to make decisions and work independently are intrinsically motivated, take ownership of their jobs, and demonstrate a higher level of creativity and problem-solving capabilities (Tuuli & Rowlinson, 2009; Patil et al., 2023). Lastly, impact refers to the extent to which an individual can influence administrative, strategic, and operational objectives within the workplace (Spreitzer, 1995; Thomas & Velthouse, 1990). When employee feel that their efforts and contributions matter, their motivation level is strengthened, leading to greater efforts and proactive attitudes (Tuuli & Rowlinson, 2009).

In the past, several studies have highlighted that the influence of PE on performance is multifaceted, with findings showing both positive and mixed outcomes across various contexts (Meng & Sun, 2019; Moura et al., 2015). Studies by Olcer and Florescu (2015) and Meng and Sun (2019) confirmed significant positive links overall, or through self-determination, impact, and competence. In contrast, Al-Makhadmah et al. (2020) revealed that self-determination and meaning are the stronger drivers, with varying roles for impact and competence. In East Asia, Wang et al. (2022) revealed that PE increases challenge-oriented OCB and task performance. In contrast, in the Middle East and North Africa, Hasanein et al. (2025) and Gelaidan et al. (2022) have shown that PE significantly impacts creativity and performance, but should also take into account organizational practices and resource constraints. Hence, the empowerment-performance relationship appears contingent on organizational context, industry, and task characteristics.

Thus, PE serves as a motivational tool that provides employees with the cognitive and psychological resources necessary for superior performance. Based on these theoretical and empirical insights, the following hypothesis is proposed:

H1: *Meaning significantly influences the performance of millennials and Gen Z employees in the IT sector.*

H2: *Competence significantly influences the performance of millennials and Gen Z employees in the IT sector.*

H3: *Self-determination has a significant influence on the performance of millennials and Gen Z employees in the IT sector.*

H4: *Impact has a significant influence on the performance of millennials and Gen Z employees in the IT sector.*

Mediating Role of Affective Commitment

AC is considered the most desirable form of organizational commitment, reflecting an employee's emotional attachment to, identification with, and involvement in the organization (Mercurio, 2015). It is a well-established antecedent to performance, promoting intrinsic motivation and discretionary effort (Meyer et al., 2004).

An employee with a high level of AC develops a strong psychological bond whereby personal values and organizational goals are perceived as congruent, fostering higher intrinsic motivation, greater discretionary efforts, and OCBs (Yang, 2012; Meyer & Maltin, 2010). The significant impact of AC on EP is well-documented in the prior studies (Shao et al., 2022; Sungu et al., 2020); however, the extent of performance outcomes often hinges on employees' perception of the value of their work (Wang et al., 2022).

Based on SET, PE has been identified as a high-value organizational resource and key driver that can enhance AC (Seibert et al., 2011). It can be expected that employers investing in their employees through positive treatment and resources (socio-economic benefits), employees feel a psychological obligation to repay the organization and are likely to develop stronger emotional bonds with their organization, which in turn can foster a positive attitude and superior performance (Arhim et al., 2024; Cook et al., 2013). Furthermore, AC serves as a mechanism for fulfilling psychological contracts (Guerrero & Herrbach, 2008; Kaur & Mittal, 2020), in addition to immediate reciprocity, ensuring that the benefits of empowerment extend beyond transactional exchanges and promote long-term commitment and sustainable performance.

In addition, when employees perceive their work is meaningful, feel competent, exercise autonomy, and recognize their impact, these factors holistically reinforce AC, which signals organizational trust and investment in employees (Pacheco & Coello-Montecel, 2023). Thus, it not only operates as a job resource but as a relational currency in the exchange process, establishing AC as a mediating pathway. Most recent studies (Yao et al., 2020; Kundu & Kumar, 2017) have demonstrated that AC mediates the relationship between PE and performance outcomes across diverse industry sectors (e.g., manufacturing, services, and knowledge-based organizations). Based on these theoretical and empirical insights, the following hypothesis is proposed:

H5*: AC mediates the relationship between meaning and performance of millennials and Gen Z employees in the IT sector.*

H6*: AC mediates the relationship between competence and performance of millennials and Gen Z employees in the IT sector.*

H7*: AC mediates the relationship between self-determination and performance of millennials and Gen Z employees in the IT sector.*

H8*: AC mediates the relationship between impact and performance of millennials and Gen Z employees in the IT sector.*

3. Methods

This study employs a cross-sectional survey design to investigate the impact of PE on EP in the IT industry, mediated by AC. It aligns with the study objectives of capturing employees' perceptions, which are sufficient for examining the structural relationship among the study variables. The IT sector in the Kathmandu Valley, known for its concentration of major IT firms, outsourcing companies, and a young workforce, was chosen as the study setting. The population consisted of millennials (29-42 years) and Gen Z (21-28 years) employees engaged only in technical roles *(i.e., Software development, coding, programming, or other technical IT-related tasks)*. Purposively, respondents were selected based on the following criteria: a) having at least one year of working experience in technical roles, b) active involvement in team-based projects, and c) minimum project exposure (i.e., having completed at least two projects).

Data were collected from March to May 2025. The research team visited the IT companies, obtained consent from the management, and conducted face-to-face sessions for data collection. Participation was voluntary, and all participants were informed about the study's objectives and scope. They were also asked to return the questionnaires to the researchers on-site to ensure confidentiality. Data were collected using a printed questionnaire only.

Following the recommendations of Hair et al. (2019), Henseler et al. (2015), and Sarstedt et al. (2016), a sample size of around 200 or more is considered appropriate for ensuring adequate statistical power and sample estimates in PLS-SEM analysis, particularly for complex relationships in the model. To achieve the required sample size, 333 questionnaires were distributed, taking into account the average response rate of 60% as recommended by Fowler (2013) and Baruch and Hultom (2008). A total of 297 responses were gathered, and 16 were eliminated because they contained random fillers and missing responses. However, following an exploratory analysis, 11 observations were identified as multivariate outliers, using Mahalanobis distance statistics. These observations were eliminated from the dataset. Hence, the final dataset used for the analysis comprised 270 observations.

Out of 270 respondents, the majority of participants were male (66.67%), while 33.33% were female. In terms of age, Gen Z employees (21-28 years) comprise 63% of the sample, while Millennials (29–42 years) make up 37%. Regarding work experience, 44.43% of respondents had 1 – 3 years of experience, followed by 33.33 % having 4-6 years, and 22.23% having seven or more years (see Table A1).

Measures

PE was measured across four dimensions: meaning, competence, self-determination, and impact. It was a 3-point rating scale developed by Spreitzer (1995) with an overall Cronbach alpha value of .868. Rivera et al (2010) modified this construct into a 5-point Likert scale, adopted by Juyumaya (2022), which was utilized to measure PE. Together, it has 12 items.

AC was measured using six items developed by Arciniega and Gonzalez (2006). To maintain consistency and comparability across variables, the AC scale, initially a 7-point Likert scale, was modified to a 5-point Likert scale in accordance with recommendations from scale expansion research (Preston & Colman, 2000). Similarly, EP is measured through a nine-item scale adopted from Pradhan and Jena (2017).

4. Results and Analysis

General Perceptions on Empowerment, Commitment, and Performance

This descriptive analysis demonstrates the experiences and perceptions of Millennials and Gen Z regarding empowerment, emotional attachment, and performance in their working environment. Two multiple-choice questions and two open-ended questions were asked to the respondents to gain a detailed understanding of their perspectives before conducting the inferential analysis (see Table 1).

Respondents were asked whether they feel empowered in their current roles, 43.7% of the respondents reported 'sometimes', while 38.7% reported 'yes", demonstrating a moderate level of empowerment in their current work roles. Regarding the source of empowerment, PE (33.3%) emerged as a primary factor, followed by job autonomy (26.7%), career growth opportunities (20%), and extrinsic rewards (13.3%), demonstrating the prominence of intrinsic motivators in this cohort. Open-ended questions regarding what contributes to emotional attachment with the organization revealed that respondents emphasized career development, team collaboration, organizational culture, and work-life balance as key contributors, reflecting factors that foster attachment. In the context of enhancing performance in online or remote work, factors such as psychological empowerment, clear goals and role expectations, feedback and recognition, team collaboration and support, career growth opportunities, and work-life balance were perceived as the most critical factors fostering performance. Thus, these descriptive insights reinforce the relevance of PE in influencing EP and AC, playing a crucial role in the PE–EP mechanisms and providing a solid foundation for the analysis of the research model in this study. Likewise, these insights also

demonstrate the role of intrinsic motivation factors driving engagement, commitment, and performance among Millennials and Gen Z employees.

Table 1: General Perceptions on Empowerment, Commitment, and Performance

S. N	Question	Response Options	Frequency (n)	Percentage (%)
1	Do you feel empowered in your current role?	Yes,	102	37.80
		Sometimes	118	43.70
		Rarely	38	14.10
		No	12	4.40
2	Which factor makes you feel most empowered in your current IT role	Psychological Empowerment	90	33.30
		Job Autonomy	72	26.70
		Career Growth Opportunities	54	20
		Extrinsic Rewards	36	13.30
		Others	18	6.70
3	What contributes most to your emotional attachment to your organization? (Open-ended)	Career development opportunities; Organizational culture and values; Recognition and appreciation; Team collaboration and bonding, and Work–life balance		
4	Which aspect do you believe most enhances your performance while working in an online or remote mode? (Open-ended)	Psychological empowerment; Clear goals and role expectations; Regular feedback and recognition; Emotional attachment, Team collaboration and support; Career growth Opportunities; and Work-life balance		

Preliminary Test and Descriptive Statistics

The Kaiser-Meyer-Olkin (KMO) and Bartlett's test, Common Method Bias test (CMB), non-response bias, normality test, and descriptive statistics were examined as a precondition for the final analysis of the dataset (see Table 2). KMO examines sample adequacy, while Bartlett's test of sphericity was used to check the factorability of the correlation matrix (Kaiser et al., 1974). The findings revealed that the KMO value was .924, and Bartlett's test of sphericity was significant ($P < .000$), collectively affirming the applicability of factor analysis to the dataset.

Based on the recommendations of Podsakoff et al. (2003), statistical measures (i.e., collinearity test and Harman's single-factor test) were considered to mitigate the CMB-related issues. The collinearity test revealed that the VIF score for each latent variable was below the threshold criterion of 3.33 (Kock, 2015), and Harman's single-factor test indicated that a single factor contributed 43.40% of the variance, which is below the threshold criterion of 50% suggested by Podsakoff and Organ (2006). This indicates the absence of CMB in the dataset. Similarly, following the recommendations of Sedgwick (2014), the non-response bias was examined. An independent sample t-test comparing the statistical differences between fifty early (E_) and late (L_) responses revealed no significant changes in the mean value ($P > .05$), indicating an absence of non-response bias in the study.

The descriptive statistics result revealed that the mean values for the construct ranged from 4.19 to 4.41, indicating strong agreement within the items, while SD reflected some variability (i.e., .75 to 1.08) in responses among the participants. Although a normality test is not required in PLS-SEM, it was performed to ensure robustness of the data. Following the criteria suggested by Curran et al. (1996), the acceptable

cutoffs for skewness are ±2 and for kurtosis are ±7. The findings revealed that skewness values ranged from -1.28 to -1.62, and kurtosis values ranged from 1.08 to 3.42, suggesting normal distribution within the dataset.

Table 2: Descriptive Analysis and Independent Sample t-test

Constructs	Mean	Standard Deviation (SD)	Skewness	Kurtosis	Independent Sample t-test
Meaning (M)	4.41	.75	-1.62	3.84	M_E - M_L → .76
Competence (C)	4.26	.93	-1.53	2.39	C_E - C_L: →.26
Self-Determination (SD)	4.24	.96	-1.46	1.82	SD_ E- SD_L → .14
Impact (I)	4.28	.92	-1.53	2.2	I_E - I_L → .04
Affective Commitment (AC)	4.19	1.08	-1.28	1.08	AC_E - AC_ L→ .39
Employee Performance (EP)	4.38	.83	-1.56	2.68	EP_E - EP_L → .08

Model Analysis

The data analysis was conducted using SmartPLS 4.0v, owing to its extensive application in business and management fields and its ability to provide a fully developed and comprehensive variance-based analytical framework (Matthews et al., 2018). Since the proposed model is reflective in nature, the study was guided by a standard reflective measurement procedure within the SEM framework. A two-stage analytical approach, as suggested by Anderson and Gerbing (1988) and Hair et al. (2019), was employed for PLS-SEM. Initially, the measurement model was assessed for reliability and validity. The second step introduced the results of the structural models using the bootstrapping technique.

Assessment of Measurement Model

The proposed reflective model was assessed using first-order analysis. The measurement model was assessed through factor loadings, internal consistency, and validity tests **(**see Table 3**)**. All 27 items demonstrated factor loadings above .70, and the reported Cronbach's alpha and CR values exceeded the recommended threshold of .70 (Hair et al., 2017). Thus, the reliability of constructs was retained.

Likewise, the findings showed that the average variance extracted (AVE) of the study construct was greater than the cutoff criterion of .50 suggested by Fornell and Larcker (1981), ensuring convergent validity. Additionally, as recommended by Franke and Sarstedt (2019) and Hair et al. (2017), the Fornell-Larcker criterion, the Heterotrait-monotrait (HTMT) ratio, and cross-loading were employed to ensure discriminant validity. The AVE's square root for each construct was greater than their intercorrelations of the variables with other model variables, fulfilling the Fornell-Larcker criterion (see Table 4). Similarly, all the correlation values between the constructs were below .85, indicating that the PLS model meets the HTMT criteria (see Table 5). Lastly, the measurement model showed no cross-loading issues because all the indicators associated with a particular construct loaded strongly into its parent construct.

Table 3: Reliability and Validity

Constructs	Item Coding	Factor Loading	AVE	CR	Cronbach's Alpha
Meaning	M_1	.77	.65	.85	.73
	M_2	.86			
	M_3	.79			

Competence	C_1	.82	.69	.87	.77
	C_2	.85			
	C_3	.81			
Self-Determination	SD_1	.85	.71	0.88	.80
	SD_2	.88			
	SD_3	.80			
Impact	I_1	.84	.71	.88	.80
	I_2	.87			
	I_3	.82			
Affective Commitment	AC_1	.71	.59	.90	.86
	AC_2	.74			
	AC_3	.81			
	AC_4	.82			
	AC_5	.79			
	AC_6	.74			
Employee's Performance	EP_1	.74	.54	.91	.90
	EP_2	.76			
	EP_3	.76			
	EP_4	.73			
	EP_5	.71			
	EP_6	.71			
	EP_7	.75			
	EP_8	.73			
	EP_9	.74			

Table 4: Discriminant Validity- Fornell and Larcker Criterion

	AC	C	EP	I	M	SD
AC	.77					
C	.58	.83				
EP	.71	.50	.74			
I	.59	.51	.54	.84		
M	.61	.44	.48	.43	.81	
SD	.68	.55	.53	.59	.50	.84

Table 5: Discriminant Validity- HTMT Values

	AC	C	EP	I	M	SD
AC						
C	.70					
EP	.80	.58				
I	.71	.65	.63			
M	.75	.57	.59	.56		
SD	.82	.68	.62	.74	.65	

Assessment of Structural Model

After assessing the measurement model, the subsequent phase involves validating the structural model, which was carried out using a bootstrapping technique with a resample of 10,000. It includes assessing the relative impact of a predictor construct (coefficient of determination (R^2), effect size (f^2)), predictive relevance of the model (PLS-predict (Q^2)), overall model fit, and finally, hypothesis testing.

Regarding the collinearity assessment, the findings revealed that all constructs' VIF values are between 1.41 to 2.91, below the acceptable limit of 3.33 (Knock, 2015), suggesting that the proposed model is free from collinearity issues.

Henseler et al. (2009) classified the R^2 values into three different categories: .75 (substantial), .50 (Moderate), and .25 (weak), respectively. The findings revealed that the R2 values for both endogenous constructs are EP = .53 and AC = .61, indicating moderate predictive power of the exogenous constructs. Following Cohen's (1988) guidelines, f² values of .02, .15, and .35 represent small, medium, and large effects, respectively. For AC, meaning (.14) and self-determination (.15) showed medium effects, while competence (.05) and impact (.04) showed minor effects. Similarly, for employee performance, the finding revealed that the impact of AC on EP was medium (.24), whereas other predictors showed negligible to minor effects (.00 to .03).

Table 6: Coefficient of Determination, Effect Size, Predictive Relevance, and Model Fit

Predictors (S)	Outcome (S)	R-square	f-Square	Q-Square
C	AC	.61	.05	AC = .58 EP = .37
I			.04	
M			.14	
SD			.15	
AC	EP	.53	.24	**Model Fit** SRMR: .07 NFI: .72
C			.01	
I			.03	
M			.01	
SD			.00	

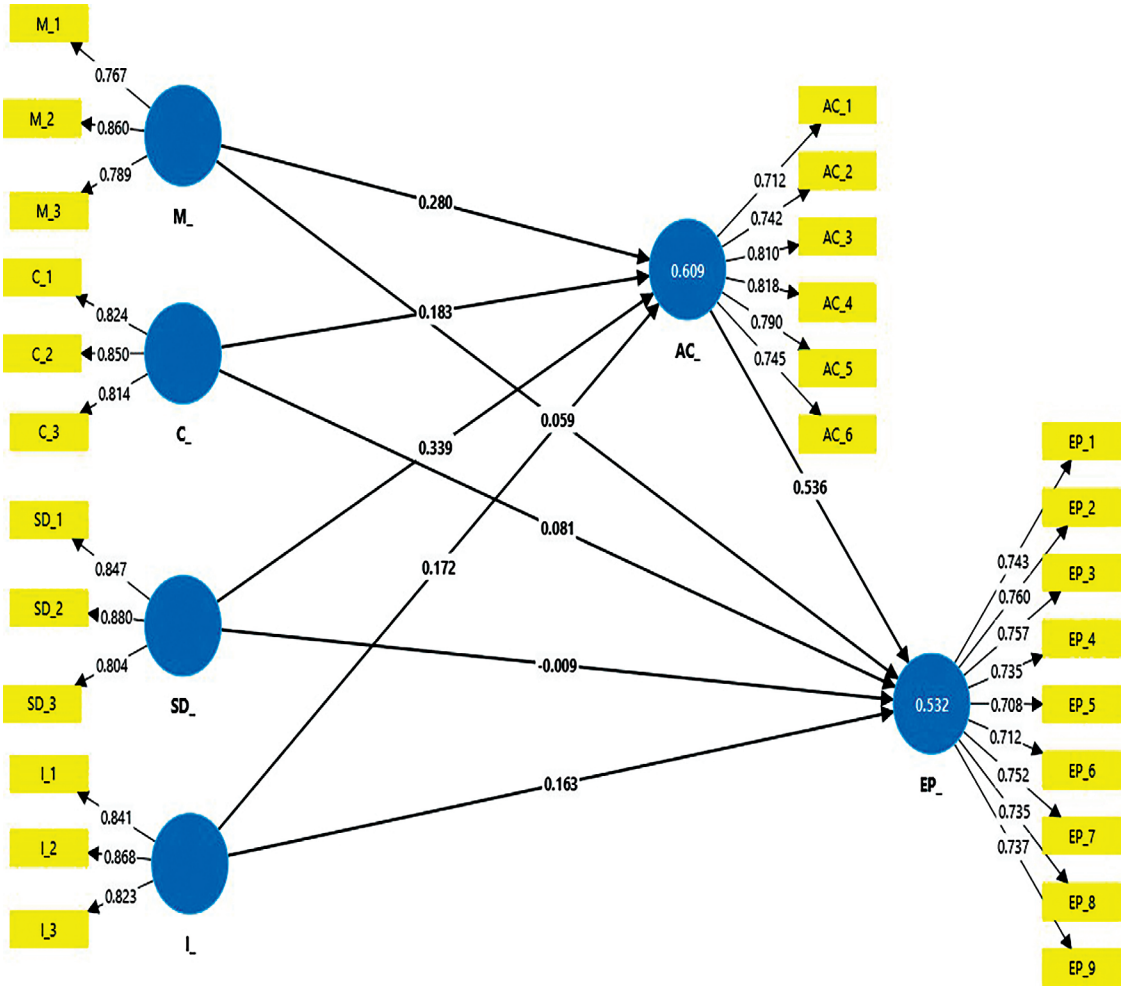
Hair et al. (2019) and Hwang (2020) argue that R^2 merely represents in-sample explanatory power and does not reflect the predictive potential of the entire model. As recommended by Hair and Alamer (2022), PLS-Predict was used to assess the model's out-of-sample explanatory power for practical relevance. According to Henseler et al. (2015), the value of Q^2 greater than zero indicates that the model has predictive relevance. By employing a 10-fold cross-validation with 10 repetitions, the Q^2 value for both the endogenous constructs (i.e., AC: .58 and EP: .37) is greater than zero, establishing cross-validation redundancy for the study model.

According to Hair et al. (2022), the goodness of fit index is typically not reported in PLS-SEM; however, Schuberth et al. (2022) argue that model fit is crucial and should not be disregarded. The standardized root mean square residual (SRMR) and normed fit index (NFI) are popularly used indices to determine model specification in PLS-SEM, which was used to determine model fit. The SRMR value is .07, which falls below the recommended threshold of .08, and the NFI value is .72 (i.e., close to 1, indicating a better fit), demonstrating a good fit for our model (Sathyanarayana & Mohansundaram, 2024).

Hypothesis Testing

Figure 2 and Table 7 compile the results of hypothesis testing using the bootstrapping technique. Four direct and indirect hypotheses were examined in the study.

Figure 2: Structural Path



All the dimensions of PE showed significant influence on EP, thereby supporting all four direct hypotheses. With H1 the statistical values are: ($\beta = .06$, $p < .05$), the values for H2 are: ($\beta = .08$, $p < .05$); the values for H3 are: ($\beta = –.01$, $p < .05$); and the values for H4 are: ($\beta = .16$, $p < .05$). Thus, among the four dimensions of PE, impact had the most substantial effect ($\beta = .16$), whereas self-determination had the least influence ($\beta = –.01$).

Table 7: Structural Path Analysis

Structural Path	Beta Coefficient (β)	Sample mean (M)	t-value	p-value	Empirical Evidence
H1: M->EP	.06	.06	.76	.00	Supported
H2: C->EP	.08	.08	.93	.04	Supported
H3: SD->EP	-001	-.01	.10	.00	Supported
H4: I->EP	.16	.16	2.04	.04	Supported

Mediating Effect					
H5: M> AC>EP	.15	.15	4.01	.00	supported
H6: C>AC>EP	.10	0.10	2.38	.017	supported
H7:SD>AC>EP	.18	.18	3.65	.00	supported
H8: I > AC>EP	.09	.10	2.34	.02	supported

Regarding the mediating effect, the findings revealed that AC significantly mediated the relationship between all four dimensions of PE and EP. The findings revealed that AC mediated the effect of meaning on EP ($\beta = .15$, $p < .01$), supporting H5, and similarly mediated the relationship between competence and EP ($\beta = .10$, $p < .05$), supporting H6. Self-determination influence on EP was also strengthened through AC ($\beta = .18$, $p < .01$), supporting H7. Notably, AC mediated the relationship between the impact on EP ($\beta = .09$, $p < .05$), supporting H8.

5. Discussions

Grounded on SDT and SET, this study examines the influence of PE dimensions on the performance of millennials and Gen Z employees involved only in technical roles in the Nepalese IT sector. The study also examined the mediating role of AC on the PE-EP relationship.

The descriptive analysis provides explicit insights, revealing a moderate level of perceived empowerment, and PE and job autonomy emerging as the most influential sources, significantly outpacing the extrinsic motivational factors. Respondents primarily cited psychological resources, organizational culture/ supportive leadership, team collaboration, clear goals, feedback/recognition, and work-life balance as the primary factors influencing emotional attachment and remote work performance. These descriptive patterns align with the substantial body of studies that demonstrate PE to be a stable, multifaceted antecedent of positive work attitudes and outcomes, and that intrinsic motivators dominate the preferences of younger cohorts (Zaluzec, 2025; Llorente-Alonso et al., 2024). Thus, this perception validates the core research model of the study, demonstrating that PE and AC are not abstract but tangible workplace factors directly related to employees' productivity.

In line with prior studies (Ochoa Pacheco et al., 2023; Llorente-Alonso et al., 2024), PE emerged as a significant predictor of EP across its four dimensions (i.e., meaning, competence, self-determination, and impact), confirming that PE serves as an intrinsic motivation factor, fulfilling core psychological needs, triggering emotional reactions, and promoting positive organizational behaviors, in line with the theoretical assumptions of SDT, JD-R model, and job characteristics theory. While the majority of the studies support this relationship, variation exists (Ambad et al., 2021; Mahmoud et al., 2022), suggesting that the strength of PE effect on performance is contingent upon individual differences, leadership styles, organizational context, and structural support, demonstrating the situationally moderated nature of empowerment outcomes.

The findings revealed a clear hierarchy in dimension-specific influence, i.e., *impact* > *competence* > *meaning* > *self-determination*, highlighting differentiated contributions of PE on performance. The dominant effect, consistent with Tuuli and Rowlinson (2009), Wall et al. (2004), and Spreitzer (1995), indicates that perceiving work as meaningful leads to proactive behaviors and improved performance in knowledge-intensive industries, thereby satisfying the younger employees' need for relatedness and purpose. Competence emerged as the second strongest predictor, reinforcing the notion that confidence in one's abilities boosts self-efficacy, persistence, and career motivation (Oliveira et al., 2023; Tuuli &

Rowlinson, 2009), which aligns with the digital, agile, and continuous-learning orientations of millennials and Gen Z.

Meaning showed moderate influence on EP, supporting the prior studies that purposeful work increases organizational commitment, intrinsic motivation, discretionary effort, and task engagement (Joo et al., 2019; Tuuli & Rowlinson, 2009; Wall et al., 2004). Aligning with contemporary evidence, a purpose-driven career is associated with strong discretionary efforts and enhanced service quality (Oliveira et al., 2023). Contrary to several theoretical expectations and prior studies, self-determination is a key driver of motivation; the findings indicated that self-determination had the least influence on EP, but in line with evidence of the current studies, highlighting the effect of self-determination is highly context-dependent (Al-Makhadmah et al., 2020; Meng & Sun, 2019; Moura et al., 2015). In high-pressure IT environments, where workflows are driven by agile approaches, interdependent tasks, client demands, and structured feedback, the value of collective contribution and skill mastery is amplified, rather than relying on independent decision-making.

Similarly, the findings provide compelling evidence that AC significantly mediates the relationship between PE and EP across all four dimensions (i.e., meaning, competence, self-determination, and impact). These findings demonstrate that PE not only functions at the cognitive-motivational level but also develops affective bonds that anchor employees emotionally, thereby consolidating higher performance outcomes (Ganawatta & Adishka, 2025; Ochoa Pacheco et al., 2023). The mediating role of AC aligns with prior studies (Yao et al., 2020; Kundu & Kumar, 2017), emphasizing that the psychological bond developed through AC fosters discretionary efforts, ensuring long-term organizational resilience and reciprocity. This finding demonstrates that AC is a strategic mechanism that converts empowerment into sustained performance outcomes rather than an attitudinal byproduct. In the IT sector, where rapid technological changes and global opportunities heighten turnover risks, particularly among millennials and Gen Z, these findings hold strategic relevance. For younger generation employees seeking alignment, autonomy, and purpose, empowerment without fostering AC may lead to the underutilization of their potential (Saraiva & Nogueiro, 2025). Thus, the organization should strategically develop empowerment initiatives that blend relational architectures and strengthen the psychological ecosystem of the workplace. Each dimension of PE fulfills the core psychological needs and fosters internalized motivation, while AC serves as an emotional engine that reinforces the principles of SDT and SET.

In addition, these findings are also reinforced by other well-established models like transformational leadership theory, conservation of resources theory, and job characteristics model, which highlight how perceived meaningfulness, competence, self-determination, and impact promote emotional bonds that translate into sustained performance (Hackman & Oldham, 1976; Bass & Riggio, 2006; Albrecht & Andreetta, 2011). At the same time, studies by Riketta (2002) and Sundby (2019) demonstrated that the mediating role of AC is context-dependent, influenced by factors such as workload pressure, cultural expectations, or generational differences. While empowerment may be directly linked to performance in individualistic cultures, in collectivist societies like Nepal, AC plays a crucial mediating role in the PE-EP relationship, emphasizing that AC is not universally deterministic but situationally contingent, highlighting the need to align PE initiatives with socio-cultural contexts.

6. Conclusion and Implications

This study emphasizes the importance of psychological resources and the emotional aspects of employees' experience in achieving higher performance at work. It establishes that PE is a significant predictor of EP, confirming the significance of intrinsic factors in driving productivity among younger generation

employees. All four dimensions of PE were found to have a substantial influence on EP; however, organizations that prioritize impact, competence, and meaningful work are likely to enhance performance. The role of AC is vital; millennials and Gen Z respond effectively to empowerment initiatives if emotional bonds are fostered. PE reinforced by AC operates as a strategic resource that converts the potential of generational talent into sustained performance, rather than mere autonomy or directive incentives. It highlights the strategic importance of developing emotionally invested, psychologically empowered, and agile workforces that can innovate, adapt, and perform sustainably in the fast-paced IT sector, where agility and innovativeness define competitiveness.

By empirically linking empowerment, emotion, and generational motivation, this study contributes to the fields of HRM and organizational behavior by providing a multifaceted perspective on work and EP in knowledge-based sectors. Based on SDT and SET, this study advances the discussion about PE, AC, and EP by recontextualizing from a generational and emerging economy context, where collectivist culture, nascent digital infrastructure, and evolving leadership style are reshaping organizational dynamics. Similarly, it demonstrates that PE functions as a psycho-relational process that converts intrinsic motivation into affective reciprocity rather than only as a cognitive mechanism. The mediating role of AC provides a novel explanatory pathway, demonstrating it as a strategic resource for strengthening the emotional-motivational synergy that are essential for younger workforce engagement. It also reinforces the role of AC in improving the positive outcomes when facing the demands of the VUCA environment. Similarly, the differentiated influence of PE on performance highlights that the outcomes of empowerment are context-dependent.

This study offers some practical implications at the organizational, individual, and societal levels. At the organizational level, the findings can serve as a foundation for developing policies, plans, and programs to enhance commitment and involvement at work. Additionally, an explicit understanding and management of these elements can help companies to develop more comprehensive commitment profiles and create indicators that promote positive attitudes and proactive behaviors at work. At the individual level, the study facilitates the development of more effective employee experience measures using data and HR analytics, enabling more precise evaluations of working conditions. The insights from the study help HR and leadership create professional development programs, training, and policies that are specifically tailored to the expectations and behavioral orientations of younger generations. From a societal perspective, this study implies the role of psychological resources as developmental assets in cultivating an emotionally resilient and purpose-driven workforce, establishing empowerment as both a human and strategic asset for the future of work.

The result was obtained using cross-sectional data, focusing only on the IT sector and employees involved in technical roles, which may impact the generalizability of the findings. This study viewed Gen Z and millennials as a homogeneous group; further study could investigate intragenerational diversity and intergenerational comparisons to enhance the PE-EP framework. Likewise, exploring psychological safety or digital resilience as mediators and moderators, such as learning culture and workforce agility, could extend the model's explanatory scope. Lastly, future studies could focus on mixed methods to capture in-depth narratives on PE–AC–EP relationships.

Conflict of Interest

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Contributions Load

Anjali Chapagain: Conceptualization, Methodology, Data Collection, Data Analysis, Writing-Original Draft, Review and Editing, Visualization, Validation, Software, Resources, and Investigation
Ujjwal Bhattarai: Conceptualization, Methodology, Data Collection, Data Analysis, Writing-Original Draft, Review and Editing, Visualization, Validation, Software, Resources, and Investigation
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Babita Simkhada: Conceptualization, Data Collection, Review and Editing, Visualization, Validation, and Resources

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Annex

Table A1: Socio-demographic Profile (N= 270)

Variables	Category	Frequency	Percentage (%)
Gender	Male	180	66.67
	Female	90	33.33
Age Group (Years)	21 – 28 (Gen Z)	170	63
	29 – 42 (Millennials)	100	37
Work Experience (Years)	1 – 3	120	44.44
	4 – 6	90	33.33
	7 and above	60	22.23