Employee Wellbeing, Work Engagement, and Job Performance of Hospitality Industry Employees in Kathmandu Valley

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Abstract

Purpose: This study examines the relationship between employee well-being, work engagement, and job performance among hospitality employees in Kathmandu, with a focus on the mediating role of work engagement. It addresses the lack of empirical research on well-being in this specific context.

Design/methodology/approach: Primary data were collected via structured questionnaires, both in print and electronically through email and social media. Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS was employed to assess the direct effect of employee well-being on job performance and the indirect effect through work engagement.

Findings: Results indicate that employee well-being significantly enhances job performance and work engagement. Work engagement partially mediates the relationship between well-being and performance, suggesting that improved well-being enhances engagement, which in turn strengthens job performance.

Implications: Hospitality organizations in Kathmandu can improve employee outcomes by implementing well-being initiatives, fostering a supportive work environment, and promoting engagement. Such interventions may enhance performance, retention, and overall organizational effectiveness, particularly in post-pandemic recovery.

Originality/value: The study contributes to theory and practice by empirically validating the mediating role of work engagement, offering insights for human resource strategies in the hospitality sector.

Keywords: Employee well-being, work engagement, job performance, hospitality

JEL Classification: J24, J28, M12, M54

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Introduction

Employee well-being has emerged as a central strategic concern for organizations seeking sustainable performance and competitive advantage in increasingly volatile service environments. Beyond its ethical and social relevance, employee well-being is now widely recognized as a critical economic resource that shapes workforce stability, productivity, and service quality (Krekel, Ward, & De Neve, 2019). This is particularly salient in labor-intensive industries, where employee attitudes and behaviors directly influence customer experiences and organizational outcomes. As service economies expand and work intensifies, understanding how employee well-being translates into enhanced work engagement and job performance has become a pressing research priority.

Employee well-being (EWB) is a multidimensional construct encompassing employees' physical health, psychological functioning, and social relationships within the workplace (World Health Organization, 2022). Rather than merely the absence of illness or stress, contemporary perspectives conceptualize well-being as a positive and enabling state that allows employees to function effectively, sustain motivation, and experience meaning in their work (Grant et al., 2007). Empirical research consistently demonstrates that employees with higher levels of well-being exhibit lower absenteeism, stronger organizational commitment, and superior performance outcomes (Hewett et al., 2018). Conversely, poor well-being, manifested through burnout, emotional exhaustion, and chronic stress, undermines engagement and erodes productivity, particularly in demanding service roles (Holbeche, 2009).

Within this discourse, work engagement has been identified as a key psychological mechanism linking employee well-being to performance outcomes. Defined as a positive, fulfilling, work-related state characterized by vigor, dedication, and absorption, work engagement reflects the extent to which employees invest physical, cognitive, and emotional energy into their work (Schaufeli et al., 2002). Engaged employees display persistence, enthusiasm, and deep involvement in their tasks, enabling them to cope effectively with job demands and deliver high-quality performance. Prior studies suggest that well-being enhances employees' capacity to remain engaged, while engagement, in turn, acts as a proximal driver of individual job performance (Bakker, 2008). However, despite growing consensus on these relationships, empirical findings remain fragmented, particularly regarding the mediating role of work engagement in linking well-being to performance.

Job performance, broadly defined as employees' behaviors and outcomes that contribute to organizational goals, encompasses both task performance and contextual performance, such as cooperation, adaptability, and discretionary effort (Motowidlo et al., 1997). In service industries, performance is not limited to measurable outputs but also includes emotional labor, service recovery, and interpersonal effectiveness. This makes performance particularly sensitive to employees' psychological states and motivational resources. While well-being has been proposed as a potential indicator of organizational performance, scholars continue to debate whether it functions as an antecedent, outcome, or parallel construct, underscoring the need for robust empirical evidence that clarifies these relationships (Uysal & Sirgy, 2019).

The hospitality industry provides a particularly compelling context for examining the interplay between employee well-being, work engagement, and job performance. Hospitality work is characterized by long and irregular working hours, high emotional demands, customer pressure, and limited job security, all of which place substantial strain on employees' physical and psychological resources (Chan et al., 2019). These challenges have been further exacerbated by external shocks, most notably the COVID-19 pandemic, which severely disrupted hotel operations worldwide. In Nepal, the pandemic led to widespread hotel closures, reduced working hours, layoffs, and heightened job insecurity, profoundly affecting the well-being of hospitality employees.

Kathmandu Valley, as Nepal's primary tourism and hospitality hub, offers a unique setting in which these dynamics unfold. The sector plays a vital role in employment generation and economic development, yet remains structurally vulnerable to external crises and internal management challenges. While Nepal's hospitality industry offers diverse tourism experiences and significant growth potential (Rijal & Ghimire, 2016), its workforce often operates under precarious conditions, with limited institutional support for employee well-being. Recent studies highlight a growing concern regarding mental health, stress, and disengagement among hospitality employees in Nepal, but empirical research examining these issues remains scarce and underdeveloped (Shrestha et al., 2023).

Importantly, much of the existing literature on employee well-being and engagement is grounded in Western contexts, raising concerns about contextual relevance and cultural generalizability. Cultural norms, organizational practices, and socio-economic conditions may significantly shape how employees perceive well-being, experience engagement, and translate motivation into performance (Gautam, 2020). In collectivist and resource-constrained settings such as Nepal, the mechanisms linking well-being, engagement, and performance may differ from those observed in developed economies. Yet, systematic empirical investigations addressing these contextual nuances within Nepal's hospitality sector are notably limited.

This study responds to these gaps by examining the relationships between employee well-being, work engagement, and job performance among hospitality industry employees in Kathmandu Valley. Specifically, it investigates whether work engagement functions as a mediating mechanism through which employee well-being influences job performance. By integrating well-being and engagement perspectives within a single empirical framework, the study contributes to a more nuanced understanding of how psychological resources translate into performance outcomes in high-demand service environments.

Theoretically, this research advances the employee well-being and engagement literature by empirically validating the mediating role of work engagement in a non-Western hospitality context. Practically, the findings offer actionable insights for hospitality managers and policymakers seeking to enhance employee performance through well-being–centered human resource practices. By foregrounding employee well-being as a strategic asset rather than a peripheral concern, the study underscores its critical role in fostering sustainable performance, workforce resilience, and long-term competitiveness in Nepal's hospitality industry.

Literature Review

Employee Well-being as a Foundation Resource for Work Engagement

Employee well-being has evolved from a peripheral HR concern to a core construct in organizational psychology, particularly within high-demand service industries such as hospitality. Contemporary scholarship conceptualizes employee well-being as a multidimensional phenomenon encompassing hedonic elements (pleasure, happiness, and affective balance) and eudaimonic elements (meaning, purpose, and self-realization) (Ryan & Deci, 2001). Rather than treating these perspectives as competing, recent organizational research integrates both, recognizing that sustainable employee functioning requires not only positive affect but also psychological growth and fulfillment at work.

Within organizational contexts, employee well-being extends beyond physical health to include psychological resilience, emotional stability, and social connectedness (Grant et al., 2007; WHO, 2022). Kaplan et al. (2017) emphasize that well-being is inherently subjective, shaped by employees' cognitive evaluations of their work environment and emotional experiences. This subjective nature is particularly relevant in hospitality, where employees are continuously exposed to emotional labor, customer demands, and irregular work schedules. Empirical evidence consistently indicates that poor well-being manifests in fatigue, stress, and emotional exhaustion, conditions that significantly undermine employees' motivational states (Holbeche, 2009).

Work engagement has been widely recognized as a key motivational outcome of employee well-being. Defined as a positive, work-related psychological state characterized by vigor, dedication, and absorption (Schaufeli et al., 2002), work engagement reflects employees' capacity to invest sustained energy and enthusiasm into their roles. The Job Demands–Resources (JD–R) theory provides a compelling explanatory framework for this relationship, proposing that employee well-being emerges when job resources sufficiently offset job demands, thereby fostering engagement rather than burnout (Demerouti et al., 2001; Bakker & Demerouti, 2017). Empirical studies demonstrate that employees experiencing higher levels of psychological and emotional well-being are more likely to remain engaged even under demanding conditions, as well-being enhances personal resources such as optimism, resilience, and self-efficacy (Xanthopoulou et al., 2007).

Evidence from hospitality-specific studies further supports this relationship. Tsaur et al. (2019) found that hotel employees with higher well-being reported significantly greater engagement, which translated into proactive service behaviors. Similarly, Sharma and Kumra (2020) observed that engaged hospitality employees exhibited higher psychological well-being, reinforcing the reciprocal and reinforcing nature of these constructs. In collectivist and service-oriented cultures, where interpersonal interactions are central to job roles, emotional and social well-being appear particularly influential in sustaining engagement.

Despite robust international evidence, studies examining employee well-being and engagement in South Asian and Nepalese hospitality contexts remain scarce. Cultural expectations, job insecurity, and limited institutional support may alter how well-being

translates into engagement. The COVID-19 pandemic further intensified these dynamics, as hospitality employees in Kathmandu faced income instability and psychological distress (Shrestha et al., 2023). These contextual pressures highlight the need for empirical examination of employee well-being as a foundational resource that enables engagement in hospitality settings characterized by high demands and limited resources.

Work Engagement as a Mechanism Linking Employee Well-being to Job Performance

Job performance in the hospitality industry extends beyond task completion to include contextual and adaptive behaviors such as service quality, emotional regulation, teamwork, and responsiveness to customer needs (Motowidlo et al., 1997; Koopmans et al., 2011). Given the interpersonal and experiential nature of hospitality services, employee performance is particularly sensitive to psychological and motivational states. While employee well-being has been widely associated with enhanced performance, scholars increasingly argue that this relationship is not direct but operates through motivational mechanisms, most notably work engagement.

Work engagement functions as a proximal driver of job performance by translating employees' psychological resources into observable work behaviors. Engaged employees exhibit higher levels of energy, concentration, and commitment, enabling them to perform effectively even under pressure (Bakker, 2008). Meta-analytic evidence confirms a robust positive association between work engagement and multiple dimensions of performance, including task performance, contextual performance, and adaptive performance (Corbeanu & Iliescu, 2023). In hospitality contexts, engagement has been linked to proactive customer service, reduced service errors, and improved guest satisfaction (Chan et al., 2019).

Empirical studies increasingly position work engagement as a mediating variable between employee well-being and job performance. Bowling et al. (2010) demonstrated that employee well-being enhances engagement, which in turn drives performance outcomes, suggesting that well-being alone is insufficient unless it activates motivational states. Similarly, Bakker, Albrecht, and Leiter (2011) found that employees with higher well-being exhibited stronger engagement, resulting in superior job performance across service roles. These findings align with the Conservation of Resources theory, which posits that well-being replenishes personal resources that fuel engagement and sustained performance.

Hospitality-specific research further highlights the mediating role of work engagement. Andriani and Davina (2023) reported that workplace well-being did not directly influence job performance but exerted an indirect effect through work engagement, highlighting engagement as the critical transmission mechanism. Comparable findings were reported by Yao et al. (2022), who observed that engaged employees translated psychological capital into higher performance, particularly in dynamic work environments. However, some studies report mixed results regarding the strength and consistency of mediation effects, suggesting contextual factors such as job insecurity, leadership style, and cultural norms may shape these relationships (Sumarno & Iqbal, 2022).

In the Nepalese hospitality sector, empirical evidence remains limited. Existing studies largely focus on the adverse effects of COVID-19 on employee well-being and financial security (Shrestha et al., 2023), with little attention to how engagement mediates performance recovery in post-crisis contexts. Given the sector's reliance on frontline employees and service encounters, understanding engagement as a mechanism linking well-being to performance is particularly critical for organizational resilience and service quality.

Collectively, the literature suggests that employee well-being enhances job performance primarily by fostering work engagement, rather than through direct effects alone. However, the scarcity of context-specific empirical studies in Nepal's hospitality industry limits the generalizability of existing models. Addressing this gap is essential for developing evidence-based strategies that leverage employee well-being and engagement to improve performance in high-demand service environments.

Research Model

The research model examines the interplay between employee well-being and job performance through the mediating effect of work engagement in the hospitality sector. All three constructs used in the study are multidimensional constructs, drawn from the extensive literature review, and align with fundamental theory.

Primarily, this study falls under the domain of organizational psychology and behavior, which aligns with Job Demands-Resources (JD-R) theory. The JD-R theory is widely used across multiple disciplines, but is most prominently used in areas like occupational health psychology, organizational behavior, and human resource management.

The JD-R theory is established on two eminent characteristics, i.e., job demands and job resources. In contrast, this study selectively applies the motivational pathway, focusing on how personal resources (employee well-being) influence work engagement and job performance. This approach is consistent with contemporary extensions of the JD-R model (Xanthopoulou et al., 2007; Bakker & Demerouti, 2017), which emphasize the interchangeable and reinforcing roles of job and personal resources. Similarly, JD-R theory demonstrates that when employees have sufficient personal/job-related resources, it stimulates the psychological states leading to a higher level of engagement and performance.

Likewise, in the hospitality sector, high emotional demands, customer-driven stress, and irregular schedules, make well-being resources critical for sustained engagement and performance, thus making it an ideal context to examine JD-R's motivational pathway.

Figure 1

Conceptual Framework
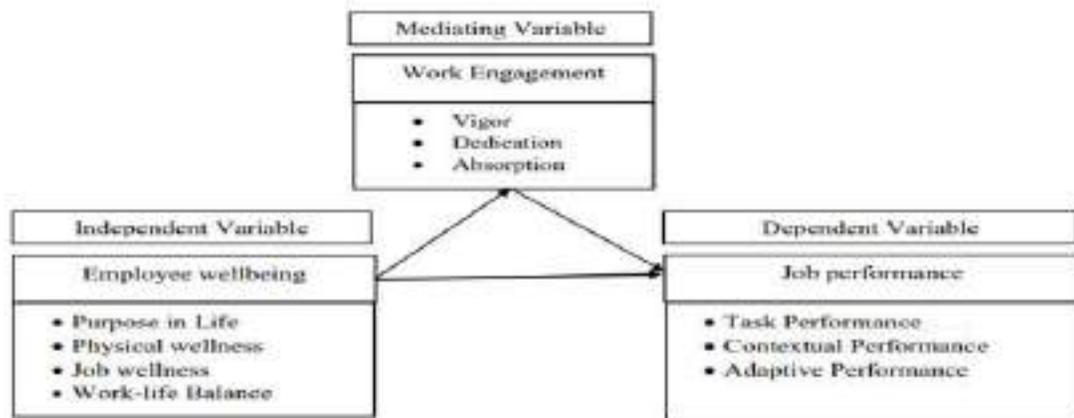
Employee Well-being and Job Performance: Prior organizational literature has revealed that the relationship between EWB and JP is well-established and is supported by the JD-R theory. Employees empowered with a higher level of personal resources (i.e, purpose in life, physical wellness, job wellness, and work-life balance) drive intrinsic motivation, leading to achieving optimal performance. Empirical studies have established that well-being results in various performance outcomes (i.e., task, adaptive, contextual, and prosocial).

H1: Employee well-being significantly influences job performance.

Employee Well-being and Work Engagement: Employee well-being provides essential psychological and emotional resources that enable employees to invest sustained energy and enthusiasm in their work, thereby fostering higher levels of work engagement. Drawing on the Job Demands–Resources (JD–R) framework, employees experiencing positive well-being are better equipped to cope with job demands and to remain vigorous, dedicated, and absorbed in their roles (Demerouti et al., 2001; Bakker & Demerouti, 2017). Empirical evidence consistently demonstrates that employees with higher psychological and emotional well-being report significantly stronger work engagement across service-oriented contexts (Schaufeli et al., 2002; Hakanen, Bakker, & Schaufeli, 2006). In the hospitality sector, well-being has been shown to enhance employees' resilience and motivation, leading to greater engagement despite high emotional labor and workload pressures (Tsaur et al., 2019; Sharma & Kumra, 2020). Accordingly, employee well-being is expected to exert a significant positive influence on work engagement.

H2: Employee well-being significantly influences work engagement.

Work Engagement and Job Performance: Work engagement represents a positive and persistent motivational state that drives employees to invest greater physical, cognitive, and emotional effort in their work, thereby enhancing job performance. According to the Job Demands–Resources framework, engaged employees are more capable of translating available resources into effective task execution and adaptive work behaviors

(Bakker & Demerouti, 2017). Empirical studies consistently demonstrate a strong positive association between work engagement and multiple dimensions of job performance, including task, contextual, and adaptive performance (Schaufeli et al., 2002; Borman & Motowidlo, 1993). Meta-analytic evidence further confirms that employees exhibiting high levels of vigor, dedication, and absorption achieve superior performance outcomes across service and knowledge-intensive contexts (Christian, Garza, & Slaughter, 2011; Corbeanu & Iliescu, 2023). Therefore, work engagement is expected to exert a significant positive influence on job performance.

H3: Work Engagement significantly influences job performance.

Mediating Role of Work Engagement: Employee well-being enhances individuals' psychological and emotional resources, which are subsequently transformed into higher levels of job performance through increased work engagement. Grounded in the Job Demands–Resources framework, work engagement functions as a motivational mechanism that links well-being to performance by channeling personal resources into sustained work effort and persistence (Demerouti et al., 2001; Bakker & Demerouti, 2017). Empirical research provides robust evidence that employees with higher well-being are more engaged, and this engagement, in turn, leads to superior performance outcomes (Hakanen et al., 2006; Bakker, Albrecht, & Leiter, 2011). Meta-analytic findings further confirm the mediating role of work engagement in explaining how employee well-being translates into enhanced job performance (Bowling et al., 2010; Corbeanu & Iliescu, 2023). Accordingly, work engagement is expected to significantly mediate the relationship between employee well-being and job performance.

H4: Work engagement significantly mediates the relationship between employee well-being and job performance.

Research Methods

Employing a positivist approach, a survey design was used to collect the cross-sectional data from the hospitality sector operating in the Kathmandu valley. According to the Department of Tourism (Nepal, 2023), Kathmandu Valley has over 60% of Nepal's total star-rated hotels, non-star hotels, resorts, and boutiques, making it a primary hub of the hospitality industry in Nepal. According to the National Hotel and Restaurant Survey report for the year 2080 BS, approximately 50,000 employees are engaged in the hospitality sector in the Bagmati province, which is the highest among other geographical regions (Kathmandu Post, 2025).

Since the sample frame of the respondents was difficult to obtain, a non-probability purposive sampling technique was used in the study. Specifically, the data was collected from top and middle-level management employees. The study requires respondents to be full-time employees and have at least one year of working experience in their current organization.

To ensure robustness and dependability in the study's findings, the sample size was determined under Kline's (2005) standards, which state that a sample size of more than 200 is deemed significant for the comprehensive analysis of structural equation models (SEM). Data was collected only through printed forms between January and March 2023.

Among the 410 questionnaires distributed, 310 responses were received. Following the data cleaning, 24 responses were eliminated (i.e., 24 incomplete forms, and 18 forms were random fillings), thus, 276 responses (67.32%) were retained for the analysis. According to Babbie (1998), a response of 60% or higher is considered highly comprehensive for a survey.

Similarly, following the Nunnally (1978) criteria, a pilot testing of 30 respondents was conducted before full-scale questionnaire administration (i.e., no amendments to the questionnaire were required). Informed consent, voluntary participation, and anonymity of the information were guaranteed and advocated during the data collection process.

Likewise, descriptive analysis was conducted with the help of SPSS version 23, whereas inferential analysis was carried out with the help of SmartPLS 4.0. Since the study is grounded on well-established reflective measures, the model was classified as a reflective model. Following the two-stage analytical procedure (i.e., test of Measurement and structural model) as suggested by Gerbing (1988) was utilized in PLS-SEM to evaluate the psychometric properties of the scales.

Instruments

The questionnaire for this study was primarily divided into two sections (i., questions related to variables and demographic profile). Measurement items have been adopted from the prior well-established literature. A seven-point Likert scale ranging from "Strongly Disagree (1)" to "Strongly Agree (7)" was used to measure all the items, and the commonly used multidimensional approach was used to assess the composition of the study. Similarly, the required demographic questionnaire (i.e., gender, age group, job position, years of experience, and types of hotels) was used as the control variables during the later stage of data analysis as well as to provide balanced perspectives.

Table 1

Instruments

Construct	Dimensions	Number of items	Adopted from
Employee Well-beings	Purpose in life	4	
	Physical wellness	3	Khatri and Gupta (2019)
	Job wellness	5	
	Work-life balance	6	
Job Performance	Task performance	6	
	Contextual performance	10	Schaufeli et al. (2002)
	Adaptive performance	7	
Work Engagement	Vigor	3	
	Dedication	3	Pradhan and Jena (2016)
	Absorption	3	

Results

Demographic Profile of the Respondents

Table 2 summarizes the demographic characteristics of the 256 valid respondents included in the analysis. The sample is predominantly male (58.2%), with the majority of participants falling within the 20–29 age group, indicating a relatively young workforce. Most respondents possess at least a bachelor's degree, reflecting an adequately educated sample suitable for examining work-related psychological constructs. In terms of organizational hierarchy, a substantial proportion of respondents hold middle- to senior-level positions, suggesting informed perspectives on work engagement and performance. Thus, the demographic distribution demonstrates sufficient diversity and relevance to support robust empirical analysis.

Table 2

Demographic Profile of the Respondent

Demographic Variable	Category	Frequency	Percent
Gender	Male	149	58.2
	Female	107	41.8
Age Group (Years)	Below 20	6	2.3
	20–29	133	52
	30–39	86	33.6
	40–49	25	9.8
	50 and above	6	2.3
Education Level	SEE/SLC	8	3.1
	Intermediate (+2)	21	8.2
	Diploma	13	5.1
	Bachelor's	124	48.4
	Master's	90	35.2
Job Position	Senior Management	20	7.8
	Head of Department	106	41.4
	Manager	47	18.4
	Supervisor	51	19.9
	Associate	26	10.2
	Others	6	2.3
Years of Experience	Less than 1 year	37	14.5
	1–3 years	66	25.8
	4–6 years	59	23
	7–10 years	82	32
	10 years and above	12	4.7

Descriptive Analysis of the Research Variables

Table 3 presents the descriptive statistics of employee well-being, work engagement, and job performance in Kathmandu's hospitality sector. The mean scores indicate generally high levels of well-being, with employees reporting a strong sense of purpose in life (M = 5.78), job well-being (M = 5.93), and relatively favorable physical well-being (M = 5.38) and work–life balance (M = 5.35). The dimensions of work engagement also exhibit elevated mean values, particularly absorption (M = 5.97) and dedication (M = 5.61), suggesting that employees are highly immersed and committed to their work. At the same time, vigor shows comparatively greater variability (SD = 1.154). Job performance records the highest mean score (M = 5.98) with the lowest standard deviation (SD = 0.483), indicating consistently strong performance across respondents. Overall, the descriptive results reflect a positive work environment characterized by high well-being, strong engagement, and stable performance outcomes.

Table 3

Descriptive Analysis of the Research Variables

Variables	Mean	SDT
Purpose in Life	5.78	1.125
Physical Well-being	5.38	1.159
Job Well-being	5.93	0.981
Work–Life Balance	5.35	1.094
Vigor	4.98	1.154
Dedication	5.61	0.905
Absorption	5.97	0.663
Job Performance	5.98	0.483

Measurement Model

The reflective measurement model was first assessed by examining indicator loadings to establish indicator reliability. Consistent with Hulland (1999), indicators with loadings below 0.708 were carefully evaluated and retained only when their removal did not improve reliability or validity, while loadings below 0.50 were excluded following Sarstedt et al. (2014). Accordingly, items AP6, TP6, and AP5 were removed due to insufficient outer loadings. Internal consistency reliability was then assessed using composite reliability (ρc), with values between 0.70 and 0.95 indicating satisfactory reliability (Hair et al., 2022). All constructs met this criterion, confirming adequate internal consistency. Cronbach's alpha was also examined and showed acceptable values across all constructs, despite its known limitation of assuming tau-equivalence (Trizano-Hermosilla & Alvarado, 2016). To address this limitation, reliability was further evaluated using rho_A (ρA), which provides a more consistent reliability estimate in PLS-SEM (Dijkstra & Henseler, 2015). All rho_A values fell within the recommended threshold of 0.70 to 0.95 (Hair et al., 2021). Convergent validity was assessed using Average Variance Extracted (AVE), with all constructs exceeding the minimum threshold of 0.50 except ABS3 and AP3, which were subsequently removed.

Table 4

Reliability and Validity

Construct	Item	Factor Loading	CA	CR (ρA)	CR (ρC)	AVE
Purpose in Life	PL1	0.881	0.885	0.892	0.921	0.744
	PL2	0.832				
	PL3	0.914				
	PL4	0.819				
Physical Wellbeing	PW1	0.836	0.822	0.826	0.894	0.738
	PW2	0.841				
	PW3	0.898				
Job Wellbeing	JW1	0.892	0.873	0.879	0.909	0.667
	JW2	0.73				
	JW3	0.785				
	JW4	0.781				
	JW5	0.892				
Work–Life Balance	WLB1	0.759	0.845	0.853	0.891	0.621
	WLB2	0.877				
	WLB3	0.802				
	WLB4	0.79				
	WLB5	0.7				
Vigor	VGR1	0.836	0.839	0.856	0.902	0.755
	VGR2	0.896				
	VGR3	0.873				
Dedication	DIC1	0.845	0.772	0.78	0.868	0.686
	DIC2	0.802				
	DIC3	0.837				
Absorption	ABS1	0.878	0.736	0.74	0.883	0.791
	ABS2	0.9				
Task Performance	TP1	0.834	0.842	0.849	0.888	0.615
	TP2	0.714				
	TP3	0.757				
	TP4	0.855				
	TP5	0.751				
Contextual Performance	CP1	0.722	0.888	0.895	0.91	0.53
	CP2	0.586				
	CP3	0.75				
	CP4	0.741				
	CP5	0.772				
	CP7	0.741				
	CP8	0.8				

	CP9	0.655			
	CP10	0.76			
	AP1	0.761			
	AP2	0.802			
Adaptive Performance	AP4	0.497	0.743	0.763	0.91	0.502
	AP6	0.737			
	AP7	0.703			

Discriminant Validity

Discriminant validity assesses whether a construct is distinct from other constructs in the model (Hair et al., 2021). It can be evaluated using cross-loadings, the Fornell-Larcker criterion, and the Heterotrait-Monotrait (HTMT) ratio. Cross-loadings ensure that each item loads higher on its intended construct than on others (Chin, 1998), which is confirmed in this study. The Fornell-Larcker criterion requires that the square root of each construct's AVE exceeds its correlations with other constructs (Fornell & Larcker, 1981), and this condition is satisfied. Additionally, HTMT values below 0.85 indicate adequate discriminant validity, confirming that the constructs in the model are distinct (Henseler, Ringle & Sarstedt, 2015; Hair et al., 2021).

Table 5

Fornell- Larcker Criteria

	ABS	AP	CP	DIC	JW	PL	PW	TP	VGR	WLB
ABS	**0.889**									
AP	0.625	**0.708**								
CP	0.665	0.586	**0.728**							
DIC	0.616	0.482	0.548	**0.828**						
JW	0.528	0.387	0.531	0.479	**0.817**					
PL	0.316	0.335	0.348	0.333	0.58	**0.862**				
PW	0.494	0.379	0.41	0.521	0.706	0.475	**0.859**			
TP	0.677	0.679	0.513	0.49	0.416	0.284	0.445	**0.784**		
VGR	0.505	0.348	0.495	0.589	0.628	0.373	0.514	0.381	**0.869**	
WLB	0.359	0.448	0.352	0.396	0.609	0.395	0.534	0.384	0.528	**0.788**

Table 6

HTMT Values

	ABS	AP	CP	DIC	JW	PL	PW	TP	VGR	WLB
ABS										
AP	0.839									
CP	0.813	0.729								
DIC	0.818	0.618	0.648							
JW	0.658	0.478	0.594	0.571						
PL	0.39	0.412	0.385	0.387	0.665					
PW	0.633	0.479	0.475	0.649	0.83	0.551				
TP	0.856	0.848	0.596	0.609	0.483	0.321	0.538			
VGR	0.637	0.42	0.546	0.719	0.727	0.424	0.611	0.452		
WLB	0.455	0.57	0.403	0.49	0.714	0.456	0.641	0.452	0.615	

Structural Model

Collinearity Statistics and R-Square Values: All VIF values are below 5, indicating no collinearity among indicators (Hair et al., 2021; Sarstedt & Mooi, 2019). The R² values suggest that 44.8% of the variance in work engagement and 55.8% of the variance in job performance are explained by the model, reflecting moderate to substantial explanatory power. These results confirm the robustness of the structural model and the reliability of the estimated path coefficients.

Table 7

Collinearity Statistics and R-Square Values

Construct	VIF
ABS	1.696
AP	2.164
CP	1.582
DIC	1.937
JW	2.679
PL	1.53
PW	2.089
TP	1.927
VGR	1.612
WLB	1.647

R² Values: Work Engagement = 0.448; Job Performance = 0.558

Hypothesis Testing: All paths in the structural model are statistically significant as their confidence intervals do not include zero, indicating positive relationships among constructs. Employee well-being positively influences job performance both directly (β = 0.139, t = 2.41, p < 0.05) and indirectly through work engagement (β = 0.436, t = 9.959, p < 0.05). The strongest relationship is observed between employee well-being and work engagement (β = 0.672), showing high significance. Work engagement also significantly predicts job performance (β = 0.648, t = 13.099, p < 0.05). The indirect path confirms that work engagement partially mediates the effect of employee well-being on job performance. Thus, the results indicate that improving employee well-being can enhance both engagement and performance. These findings support acceptance of all four hypotheses (H1–H4).

Table 8

Hypothesis Testing

Path	Beta	t-value	P-value	2.5% CI	97.5% CI
EWB → JP	0.139	2.41	0.016	0.024	0.248
EWB → WE	0.672	17.531	0	0.579	0.734
WE → JP	0.648	13.099	0	0.548	0.744
EWB → WE → JP	0.436	9.959	0	0.355	0.526

Discussion

This study examined the relationship between employee well-being, work engagement, and job performance, with a particular focus on the mediating role of work engagement in the hospitality industry of Kathmandu. Despite the recognized importance of these constructs in hospitality, limited empirical research directly investigates their interplay in this context. This study contributes by developing an integrated theoretical framework and empirically evaluating how employee well-being affects job performance both directly and indirectly through work engagement.

The findings indicate that employee well-being significantly influences job performance, aligning with prior research. Lu et al. (2022) demonstrated a positive link between employee mental health and job performance, with work engagement mediating this relationship. Similarly, Boulet and Parent-Lamarche (2022) found that enhanced employee well-being directly improves workplace performance. Kundi et al. (2020) emphasized that welfare initiatives and programs supporting employees' physical and psychological health motivate higher performance. Furthermore, McKinsey & Company (2023) highlighted that measures promoting work-life balance reduce stress and enhance employees' efficiency and productivity. In the context of Kathmandu's hospitality industry,

these findings suggest that employees with good holistic health, physically, mentally, and socially, are more engaged, innovative, and productive.

A key objective of this study was to examine the mediating role of work engagement between employee well-being and job performance. Consistent with prior research, this study confirms that work engagement partially mediates this relationship. Çankır and Şahin (2018) reported that psychological well-being positively influences job performance through work engagement, while Andriani and Davina (2023) similarly found that enhancing workplace well-being increases work engagement, which in turn boosts performance. Paudel et al. (2024) also observed partial mediation of work engagement in the link between psychological well-being and job performance, emphasizing that well-being alone may not fully translate into performance without high engagement. In this study, work engagement, manifested through vigor, dedication, and absorption, converts the positive effects of employee well-being into tangible job outcomes. Employees experiencing higher well-being exhibit positive emotions and reduced stress, fostering greater engagement and, consequently, improved performance (Naqshbandi et al., 2023).

The Job Demand-Control Model (Karasek, 1979) provides a useful framework to interpret these results. According to the model, job performance depends on the interaction between job demands and the control employees have over their work. Excessive demands, if not counterbalanced by adequate autonomy and support, can lead to stress and lower performance. By investing in employee well-being and engagement, organizations can provide employees with the necessary resources, autonomy, and support to manage job demands effectively, resulting in higher performance outcomes.

Thus, the study confirms that employee well-being has a significant direct effect on job performance while work engagement partially mediates this relationship. These findings highlight the strategic importance for organizations, especially in the hospitality sector, to foster both employee well-being and engagement as a pathway to improve performance. By creating supportive work environments, promoting holistic health, and encouraging engagement, organizations can enhance employee productivity, satisfaction, and organizational effectiveness. The results provide actionable insights for managers and human resource practitioners seeking to optimize employee outcomes in service-intensive industries.

Conclusion and Implications

This study confirms the significant positive impact of employee well-being on job performance within the Kathmandu hospitality sector, with work engagement serving as a partial mediator. The findings align with prior research, demonstrating that employees who experience higher levels of well-being exhibit greater engagement, which in turn enhances their performance (Lu et al., 2022; Kundi et al., 2020). Work engagement was found to translate the benefits of well-being into tangible job outcomes by fostering vigor, dedication, and absorption in tasks. The results highlight the importance of holistic well-being initiatives, including mental health support, stress management, and work-life balance, in promoting both engagement and performance. By addressing employee needs across diverse demographics, such initiatives can create a more inclusive and

productive workplace. Overall, this study advances the theoretical framework by integrating employee well-being, work engagement, and job performance into a cohesive model tailored to the Kathmandu hospitality context. The findings underscore the strategic value of cultivating supportive work environments to optimize employee performance and organizational effectiveness.

The results suggest that hospitality managers in Kathmandu should prioritize comprehensive well-being programs, encompassing physical, mental, and social support mechanisms. Initiatives such as wellness activities, career development opportunities, and recognition programs can enhance work engagement, thereby amplifying job performance. Tailoring interventions to consider demographic factors, including age, gender, job position, and education level, can further increase program effectiveness, employee satisfaction, and retention. Creating an engaging and supportive work environment not only improves performance but also strengthens organizational commitment and loyalty among staff.

This study contributes to theory by demonstrating work engagement as a critical mediator between employee well-being and job performance. It provides empirical support for integrating well-being and engagement into a unified model of performance outcomes, refining existing organizational behavior and human resource management frameworks. The examination of demographic influences offers nuanced insights into how individual differences shape the effectiveness of well-being initiatives, paving the way for future research on personalized and context-specific strategies.

Future research should further explore the mediating role of work engagement across diverse sectors, cultural settings, and organizational contexts. Longitudinal studies are needed to establish causal relationships and assess the long-term effects of well-being and engagement on performance. Additionally, investigating the moderating effects of organizational culture, leadership styles, and job characteristics could provide deeper insights into these dynamics. Incorporating qualitative approaches can enrich understanding by capturing employees' lived experiences, motivations, and perceptions, offering more actionable guidance for managers and advancing theoretical frameworks.

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Conflict of Interest

The Authors declare that there is no conflict of interest.

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