Interplay of Organisational Determinants Influencing Employee Outcomes in the Hospitality Sector

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KEYWORDS	ABSTRACT
Employee Empowerment, Motivation, Retention, Hospitality Sector	This study examines the influence of employee empowerment on various performance outcomes within the hospitality sector. Drawing on data collected from 310 managerial-level employees across hotels, restaurants, and food and beverage establishments in major metropolitan cities of India, the research provides a comprehensive analysis of how empowerment affects key organizational variables such as engagement, motivation, efficacy, efficiency, and retention. A conceptual model incorporating organizational commitment, engagement, motivation, efficacy, and retention was tested using SPSS and PLS-SEM. Findings reveal that empowerment significantly enhances engagement and efficacy, though its effect on motivation is marginal, indicating a need for complementary strategies like recognition and career development. Motivation strongly predicts both efficacy and efficiency, but an unexpected negative interaction effect highlights the risk of cognitive overload. Engagement does not directly influence retention but exerts a strong indirect effect through motivation and performance. Organizational commitment emerges as a key driver of engagement, while efficacy alone does not guarantee efficiency without supportive structures. The study emphasizes the importance of integrated strategies combining empowerment, motivation, and resource alignment to improve employee outcomes and retention in dynamic hospitality environments.

1. INTRODUCTION

The hospitality industry, characterized by its labor-intensive nature and service-oriented operations, faces persistent challenges in enhancing employee efficiency and retention—a concern amplified by post-pandemic workforce dynamics (Baum et al., 2020). Employee efficiency, defined as the optimal utilization of resources to achieve high-quality service outcomes, is critical for maintaining competitive advantage in this sector. In response, organizations increasingly adopt empowerment strategies—delegating autonomy, decision-making authority, and responsibility to employees—to foster proactive behaviors and improve performance (Conger & Kanungo, 1988). While empowerment is widely recognized as a catalyst for positive workplace outcomes, the mechanisms through which it translates into efficiency and retention remain underexplored, particularly within the hospitality context. This study addresses this gap by investigating the mediating roles of organizational commitment, employee engagement, motivation, and efficacy, as well as the moderating influence of motivation, in the empowerment-efficiency relationship. Empowerment, rooted in social exchange theory (Blau, 1964),

posits that granting employees autonomy and trust fosters reciprocal behaviors, such as increased commitment and discretionary effort (Lee & Ok, 2020). Prior research links empowerment to higher job satisfaction, innovation, and customer satisfaction (Kim et al., 2022). However, hospitality studies often focus on isolated outcomes, neglecting the interconnected psychological and behavioral pathways that collectively drive efficiency. For instance, while engagement—defined as the emotional and cognitive investment in work roles (Kahn, 1990)—is known to mediate empowerment effects (Karatepe et al., 2020), its interplay with motivation and efficacy remains unclear. Similarly, self-efficacy, an individual's belief in their capability to perform tasks (Bandura, 1997), may amplify empowerment's impact, but this relationship is rarely examined alongside motivational states.

The hospitality industry's unique characteristics—high employee turnover, emotional labor demands, and customer-centric operations—necessitate context-specific insights. Existing literature predominantly examines empowerment in manufacturing or generic service settings, limiting applicability to hospitality (Li et al., 2021). Furthermore, while organizational commitment and engagement are established mediators, their synergy with motivation and efficacy in translating empowerment into efficiency is poorly understood. This oversight is critical, as motivation—both intrinsic (e.g., personal growth) and extrinsic (e.g., rewards)—may not only mediate but also moderate relationships between psychological states and performance (Gagné et al., 2022). For example, motivated employees with high efficacy are likely to leverage empowerment more effectively, suggesting a moderated mediation pathway.

This study proposes a holistic model (Figure 1) where empowerment enhances efficiency and retention through sequential mediation by organizational commitment, engagement, motivation, and efficacy, with motivation moderating the efficacy-efficiency link. By integrating multiple mediators and a moderator, the model captures the complexity of empowerment's cascading effects. Drawing on the job demands-resources (JD-R) theory (Bakker & Demerouti, 2017), empowerment is framed as a job resource that buffers work demands and stimulates positive outcomes through engagement and efficacy. Meanwhile, self-determination theory (Deci & Ryan, 2000) underpins the role of motivation in amplifying empowerment's benefits. Methodologically, this research employs partial least squares structural equation modeling (PLS-SEM), a robust approach for analyzing complex models with multiple mediators and moderators (Hair et al., 2021). Data collected from 310 employees across hotels, restaurants, and food and beverage courts in 10 metro cities of India reveal that employee engagement and motivation fully mediate the impact of empowerment on retention and efficiency. Additionally, employee efficacy functions as a crucial intermediary, linking empowerment to overall performance outcomes. Notably, motivation strengthens the efficacy-efficiency relationship, underscoring its dual role as mediator and moderator. Theoretical contributions include advancing JD-R theory by delineating how empowerment cascades through interrelated psychological states to influence efficiency. Practically, the findings guide managers in designing HR interventions that synergize empowerment with engagement, efficacy-building, and motivational incentives. For instance, training programs enhancing self-efficacy, coupled with recognition systems boosting motivation, can maximize empowerment's ROI. This study offers three key advancements: (1) empirical validation of a multi-mediator model linking empowerment to efficiency in hospitality, (2) clarification of motivation's dual mediating-moderating role, and (3) actionable insights for optimizing HR strategies in service-intensive environments. Subsequent sections detail the literature review, hypotheses, methodology, results, and implications.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Empowerment as a Catalyst

Empowerment, grounded in Social Exchange Theory (Blau, 1964), posits that mutually beneficial relationships between employers and employees cultivate trust, obligation, and discretionary effort. In organizational settings, granting autonomy and decision-making authority is perceived as an investment in the employee, prompting a reciprocal response in the form of increased commitment, proactive behavior, and enhanced performance (Lee & Ok, 2020). In the hospitality sector, where service encounters are immediate and customer satisfaction is paramount, empowered frontline staff are better positioned to make swift decisions, resolve customer issues effectively, and engage in service recovery, thereby strengthening operational efficiency and long-term customer loyalty (Kim et al., 2022). However, the effect of empowerment is far from linear. Its success depends largely on intervening psychological mechanisms such as organizational commitment, employee engagement, and self-efficacy (Li et al., 2021; Ali, Rauf, Mir, & Ahmed, 2024). When employees feel genuinely trusted, valued, and included in organizational decision-making processes, they internalize their roles, leading to psychological ownership and stronger emotional bonds with the organization. These feelings promote discretionary behaviors that align individual and organizational goals, ultimately driving service excellence and retention. Nevertheless, empowerment without supportive structures—such as recognition, training, and inclusive leadership—can lead to role ambiguity, cognitive overload, and decision fatigue. Therefore, for empowerment to translate into sustained high performance and employee loyalty, organizations must pair it with strategies that reinforce intrinsic motivation, foster relational trust, and institutionalize supportive work environments. This holistic approach aligns with recent empirical evidence suggesting that empowerment, when implemented thoughtfully and contextually, not only enhances performance but also reduces burnout and turnover intentions in dynamic service-driven sectors like hospitality (Ali et al., 2024; Ryan & Deci, 2020). Thus, empowerment is not a standalone solution but a strategic lever that must be embedded within a broader culture of psychological support and organizational commitment.

3. MEDIATING MECHANISMS

Organizational-Commitment

Meyer and Allen's (1991) tripartite model identifies three dimensions of organizational commitment: affective (emotional attachment), normative (a sense of obligation), and continuance (cost-based attachment). Among these, affective commitment is the most desirable, as it reflects a genuine emotional bond with the organization. Empowerment plays a pivotal role in fostering affective commitment by signaling trust, promoting autonomy, and aligning individual and organizational goals (Saks, 2022). This sense of empowerment cultivates a shared purpose and encourages employees to engage deeply with their work. Employees who experience affective commitment are more likely to remain with the organization and demonstrate discretionary effort (Li et al., 2021), proactively resolving issues and enhancing customer satisfaction. Empowerment, therefore, has an indirect yet powerful impact on organizational outcomes: by promoting autonomy, it enhances psychological ownership, which translates into tangible benefits such as operational efficiency and innovation. Transparent communication, value alignment, and inclusive leadership further reinforce this bond. Integrating empowerment with affective commitment-building strategies not only improves retention but also elevates product and marketing innovation, especially in dynamic service environments like the FMCG sector (Ali & Sumaira, 2025). This integrative approach strengthens workforce stability and performance, creating a sustainable competitive advantage through engaged and committed employees.

Employee-Engagement

Engagement, defined as cognitive and emotional immersion in work roles (Kahn, 1990), serves as a mediator between empowerment and proactive behaviors. Empowered hospitality sector employees exhibit heightened engagement, which drives faster task execution and problem-solving capabilities (Karatepe et al., 2020). This psychological investment enables employees to channel autonomy into decisive actions, enhancing operational responsiveness. Additionally, engaged workers demonstrate lower turnover intentions, as their emotional connection to work mitigates attrition risks (Baum et al., 2020). Thus, empowerment's benefits—improved efficiency and retention—are amplified through engagement, positioning it as a critical mechanism linking autonomy to organizational effectiveness in service settings.

Motivation

Self-determination theory (Deci & Ryan, 2000) distinguishes intrinsic motivation—driven by autonomy, competence, and relatedness—from extrinsic motivators like rewards or punishments. Empowerment satisfies these intrinsic needs, fostering a sense of volition and psychological ownership (Gagné et al., 2022). In service sectors like hospitality, empowered employees innovate by personalizing guest experiences or optimizing processes, directly enhancing operational efficiency (Kim et al., 2022). Intrinsic motivation sustains engagement longer than external incentives, as autonomy-driven behaviors become self-reinforcing. Empowerment thus transforms internal fulfillment into productive outcomes, promoting proactive behaviors aligned with organizational goals. Recent research confirms that empowerment significantly predicts creativity, adaptability, and customer-oriented innovation in dynamic environments (Zhang & Bartol, 2023; Lee et al., 2023; Thomas & Xu, 2024). Unlike transactional motivators, empowerment builds lasting engagement and cultivates a resilient workforce. Ultimately, prioritizing intrinsic alignment through empowerment supports long-term growth, innovation, and service excellence over short-term compliance and control.

Employee-Efficacy

Bandura's (1997) self-efficacy theory emphasizes that belief in one's capabilities enhances empowerment's impact. Employees with high self-efficacy confidently tackle complex tasks (e.g., resolving guest complaints), as perceived competence drives proactive problem-solving. This alignment of autonomy and confidence improves service speed and accuracy (Kim et al., 2022), as empowered staff make swift, informed decisions without managerial reliance. Thus, self-efficacy acts as a psychological multiplier, transforming empowerment into tangible performance gains in dynamic service environments.

Moderating Role of Motivation

Motivation amplifies the relationship between self-efficacy and operational efficiency. Intrinsically motivated employees with high self-efficacy are more likely to convert empowerment into actionable outcomes, as psychological drive complements perceived capability (Gagné et al., 2022), Afsar Ali et al., (2024). For instance, a hotel receptionist with strong self-efficacy and intrinsic motivation will proactively resolve booking errors, ensuring service accuracy and guest satisfaction. Conversely, even highly efficacious employees may underperform if motivation is lacking, as disengagement undermines proactive behavior. Thus, the interplay of motivation and self-efficacy determines whether empowerment translates into efficiency gains, emphasizing the need for workplaces to nurture both psychological drivers to optimize performance in service contexts.

Figure 1 *Conceptual Model of the Study*
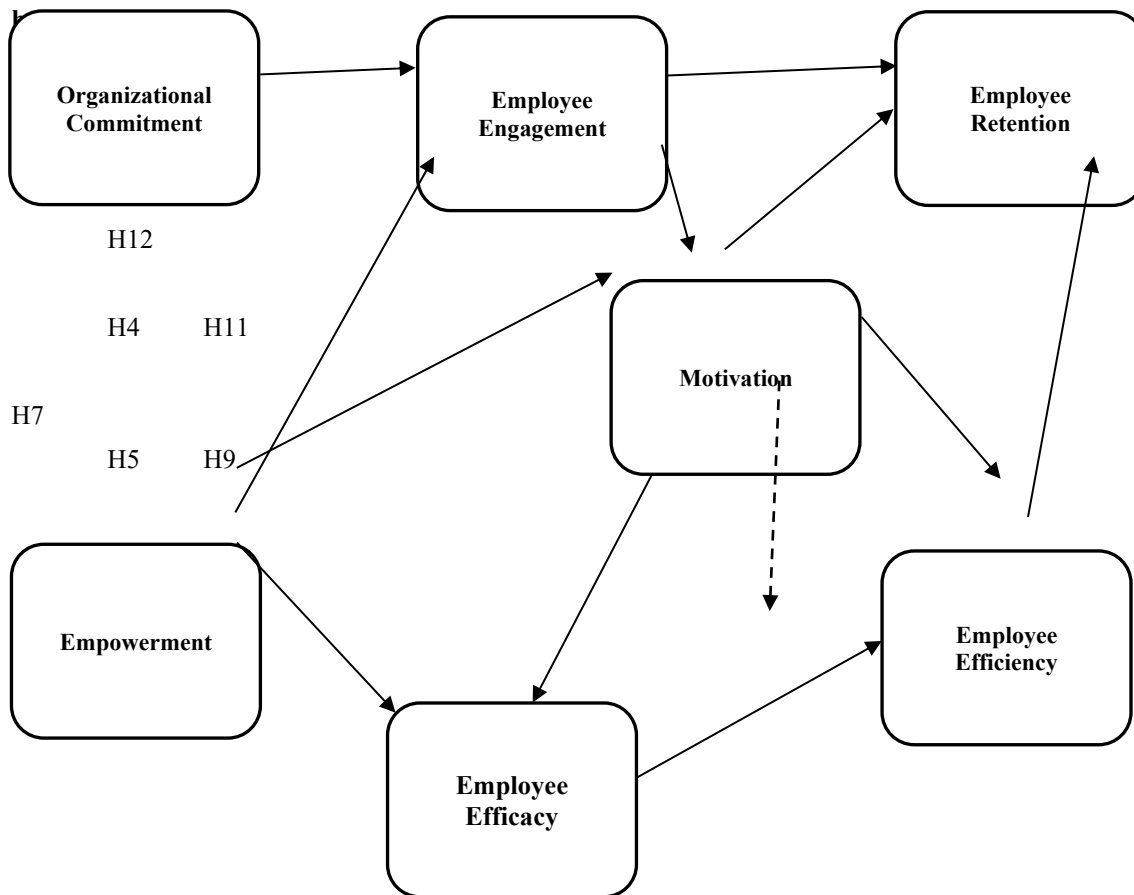
Hypotheses Development

Based on the literature review and conceptual model, the study proposes twelve hypotheses

H1: Organizational Commitment has a positive effect on Employee Engagement.
H2: Employee Engagement positively influences Employee Retention.
H3: Empowerment positively affects Employee Engagement.
H4: Empowerment has a positive impact on Motivation.
H5: Empowerment positively influences Employee Efficacy.
H6: Motivation positively affects Employee Retention.
H7: Motivation positively influences Employee Efficacy.
H8: Employee Engagement has a positive effect on Motivation.
H9: Motivation moderates the relationship between Employee Efficacy and Employee Efficiency.
H10: Employee Efficacy positively affects Employee Efficiency.
H11: Motivation has a positive impact on Employee Efficiency.
H12: Employee Efficiency positively influences Employee Retention.

Theoretical Integration

The conceptual model integrates Job Demands-Resources (JD-R) Theory (Bakker & Demerouti, 2017), positioning empowerment as a vital job resource that reduces burnout and enhances engagement and efficacy. Social Exchange Theory (Blau, 1964) supports the reciprocity between organizational support and employee commitment, influencing retention outcomes. Self-Determination Theory (Deci & Ryan, 2000) underpins the dual role of motivation as both an outcome and a moderator in the empowerment-performance link. This integrative framework advances hospitality literature by illustrating

how empowerment flows through interconnected psychological mechanisms—engagement, efficacy, and motivation—to improve performance outcomes such as efficiency and retention. It also emphasizes the complex interplay between intrinsic drivers and contextual factors, aligning with recent insights from Organizational Support Theory (Eisenberger et al., 1986) and Cognitive Evaluation Theory (Ryan & Deci, 1985).

4. MATERIALS AND METHODS

The present study adopts a quantitative, cross-sectional research methodology, utilizing structured questionnaires and validated scales to examine the relationships among empowerment, motivation, engagement, and efficiency and retention outcomes within India's hospitality sector, based on data from 310 managerial-level employees.

Research Design

This study employs a quantitative, cross-sectional research design to investigate the underlying mediating and moderating mechanisms that connect employee empowerment to performance outcomes in India's hospitality sector. Utilizing data collected from managerial-level employees across hotels, restaurants, and food and beverage establishments in major metropolitan areas, the study applies Structural Equation Modeling (SEM) to rigorously test the proposed hypotheses. SEM enables simultaneous examination of both mediation effects—such as those of employee engagement and organizational commitment—and moderation effects, including the roles of self-efficacy and motivation, in shaping performance outcomes. This approach ensures a comprehensive understanding of the complex relationships between empowerment and performance, offering valuable insights into how empowerment practices can be effectively leveraged to enhance organizational effectiveness and employee outcomes (Hair et al., 2019).

Sampling Frame

The target population for this study consists of frontline managerial employees working in the hospitality sector, specifically within hotels, restaurants, and food and beverage courts, located in India's top 10 metropolitan cities. These cities include Mumbai, Delhi, Bangalore, Kolkata, Chennai, Hyderabad, Pune, Ahmedabad, Surat, and Jaipur, which collectively represent major economic and tourism hubs. The focus on managerial staff ensures insights from individuals directly responsible for implementing and experiencing empowerment practices and performance management systems in dynamic and customer-driven service environments.

Sample Size & Technique

This study employs a purposive sampling technique to recruit a total of 310 participants, with 31 managerial employees selected from each of the 10 metropolitan cities. The sampling specifically targets individuals with at least one year of work experience in their current hospitality roles to ensure adequate exposure to and understanding of empowerment practices and performance-related processes. By focusing on experienced frontline managers, the study ensures that respondents possess relevant insights into organizational dynamics. This non-probability sampling method aligns with the study's theoretical framework, which emphasizes empowerment-performance linkages (Etikan et al., 2016).

Data Collection Procedure

Data collection for this study was carried out in a structured and systematic manner to ensure reliability and validity of responses. The following steps were undertaken

Instrument Design

A structured questionnaire was developed incorporating standardized and validated scales:

✓ Psychological Empowerment was measured using Spreitzer's (1995) Psychological Empowerment Scale.

✓ Performance Outcomes were assessed using Tang et al.'s (2020) Hospitality Performance Scale.

✓ Organizational Commitment, measured by Meyer & Allen's (1991) Commitment Scale.

✓ Self-Efficacy, assessed using Bandura's (1997) Self-Efficacy Scale.

- **Target Population**: The survey targeted frontline managerial-level employees working in hotels, restaurants, and food and beverage courts across India's top 10 metro cities.

- **Sampling and Eligibility**: A purposive sampling method was used, focusing on managerial employees with a minimum of one year of experience to ensure relevant exposure to empowerment practices.

- **Distribution Method**: The questionnaire was distributed electronically to potential respondents through professional networks, including:

a. Hospitality associations and industry groups.

b. LinkedIn and other relevant professional platforms.

Anonymity and Ethics: Participation in the study was entirely voluntary, with respondents free to withdraw at any stage. Anonymity was strictly ensured by not collecting any personal or identifiable information. This approach was adopted to promote honest, unbiased responses and to uphold ethical research standards, fostering trust and confidentiality throughout the data collection process.

Response Collection: A total of 310 complete responses were collected, with 31 participants from each metro city, providing balanced regional representation for analysis.

5. JUSTIFICATION OF CHOICES

Purposive Sampling

Purposive sampling was employed to deliberately select participants aligned with the study's theoretical focus on empowerment-performance dynamics in India's hospitality sector. By targeting managerial employees with ≥1 year of experience, the sampling ensures participants possess sufficient exposure to organizational empowerment practices, enabling nuanced insights into how autonomy translates into performance (Saunders et al., 2019). This approach prioritizes depth over breadth, as experienced workers are better positioned to articulate the interplay of psychological mechanisms (e.g., self-efficacy) and operational outcomes. While non-probability methods like purposive sampling limit generalizability, they are ideal for exploratory studies requiring context-specific data (Etikan et al., 2016).

Structural Equation Modeling (SEM)

SEM was chosen for its robustness in analyzing complex relationships involving mediation and moderation. The study's framework—where empowerment influences performance through mediators (e.g., engagement) and moderators (e.g., motivation)—necessitates a method capable of testing multivariate hypotheses simultaneously. SEM accommodates latent variables (e.g., psychological empowerment) measured through observed indicators (e.g., survey items), ensuring rigorous validation of theoretical constructs (Kline, 2015). This aligns with the study's aim to disentangle indirect and conditional effects, offering a holistic view of empowerment's role in hospitality performance.

Metro Cities Focus

India's top 10 metropolitan cities—Mumbai, Delhi, Bengaluru, Kolkata, Chennai, Hyderabad, Pune, Ahmedabad, Surat, and Jaipur—were strategically selected for this study due to their dense concentration of premium hospitality establishments that adhere to global service standards (IBEF, 2023; Ministry of Tourism, 2024). These cities offer rich socio-economic and cultural diversity, enhancing the generalizability of findings across India's heterogeneous hospitality sector. As leading urban hubs, they experience elevated employee turnover, greater customer volume, and more complex service demands—conditions that heighten the relevance of studying empowerment's role in operational resilience (NASSCOM, 2023). The urban context also provides exposure to global service norms, digital integration, and performance pressures, making these locations optimal for examining empowerment-driven performance dynamics. This sampling approach balances internal validity by focusing on comparable organizational tiers, while ensuring external relevance by reflecting real-world challenges in India's fast-evolving, service-driven metro economies (KPMG, 2024; FICCI, 2023).

Data Analysis

The study employed Partial Least Squares Structural Equation Modeling (PLS-SEM) for data analysis, as it effectively handles complex models with multiple constructs and maintains robustness with smaller sample sizes (Hair et al., 2024). PLS-SEM is particularly advantageous in exploratory research and theory-driven studies, aligning with this investigation's focus on unraveling mediation and moderation dynamics. Its capacity to assess latent variables and indirect pathways ensures a comprehensive examination of empowerment's impact on performance in the hospitality sector (Sarstedt et al., 2022).

Measurement Model

Measurement model assessment evaluates reliability and validity. Confirmatory Factor Analysis (CFA) tests convergent validity (factor loadings >0.7, AVE >0.5) and discriminant validity (Fornell-Larcker criterion). Composite reliability (CR >0.7) and Cronbach's alpha (>0.7) assess internal consistency. Model fit indices (CFI >0.90, RMSEA <0.08) indicate adequacy (Hair et al., 2010; Fornell & Larcker, 1981; Nunnally, 1978).

Table 1. Cronbach Alpha, Composite Reliability and Average Variance Extract

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Employee Efficacy	0.952	0.952	0.961	0.806
Employee Efficiency	0.906	0.906	0.941	0.843

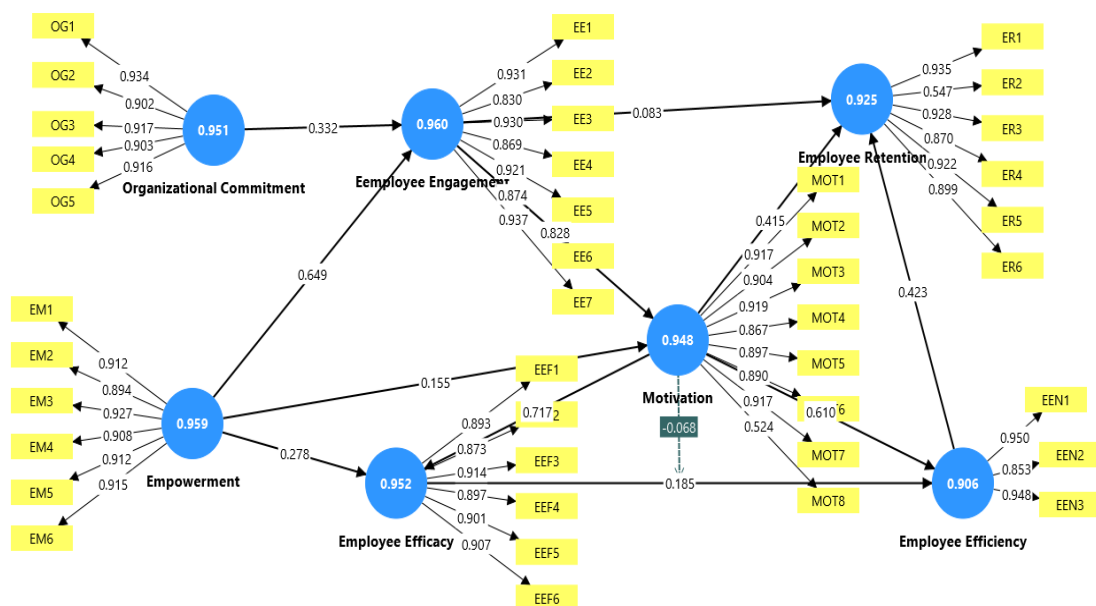|			
Employee Empowerment	0.959	0.96	0.967	0.831
Employee Engagement	0.96	0.961	0.967	0.810
Employee Retention	0.925	0.947	0.944	0.742
Motivation	0.948	0.96	0.958	0.746
Organizational Commitment	0.951	0.951	0.962	0.836

Source: SmartPLS 4 Outcome

Figure 2 Cronbach Alpha
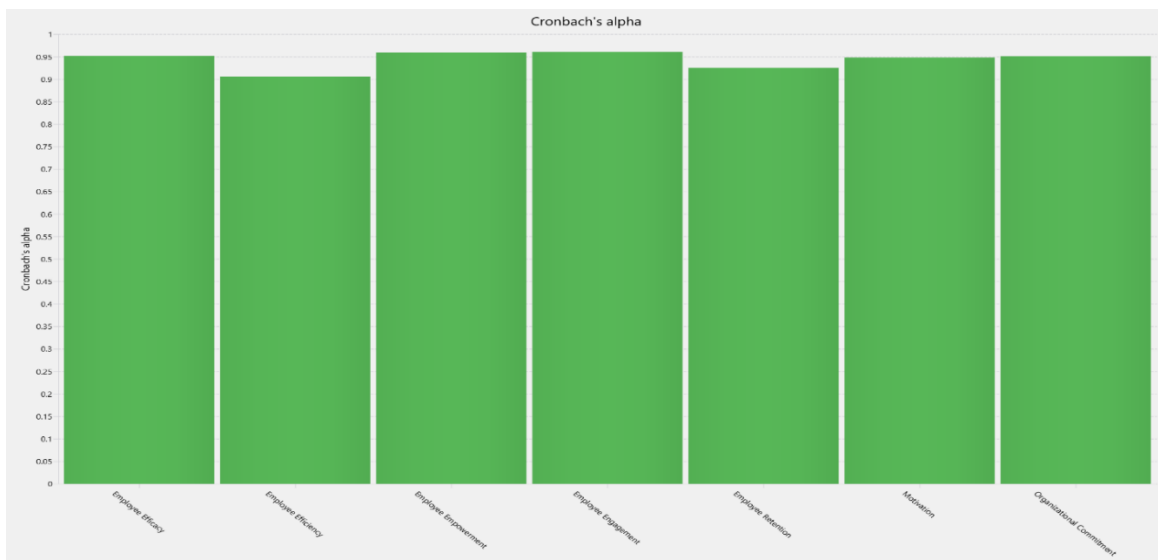
Source: SmartPLS 4 Outcome

Figure 3 Measurement Model

Source: Smart PLS 4 Outcome

The measurement model demonstrates excellent reliability and strong convergent validity across all constructs. These results confirm that the scales are internally consistent and that the items effectively capture their intended latent variables. For a comprehensive assessment, pairing these results with discriminant validity checks (e.g., criterion, HTMT ratios) would further validate the distinctiveness of the constructs.

Table 2. Discriminant Validity using Heterotrait-Monotrait (HTMT) Ratio

	Employee Efficacy	Employee Efficiency	Employee Empowerment	Employee Engagement	Employee Retention	Motivation	Organizational Commitment
Employee Efficacy	0.898						
Employee Efficiency	0.870	0.818					
Employee Empowerment	0.851	0.865	0.811				
Employee Engagement	0.972	0.863	0.746	0.880			
Employee Retention	0.861	0.86	0.829	0.852	0.861		
Motivation	0.878	0.876	0.838	0.874	0.860	0.864	
Organizational Commitment	0.91	0.777	0.893	0.712	0.787	0.900	0.808

Source: SmartPLS 4 Outcome

The Heterotrait-Monotrait Ratio (HTMT) is a widely recommended criterion for assessing discriminant validity in Partial Least Squares Structural Equation Modeling (PLS-SEM). According to Henseler, Ringle, and Sarstedt (2015), HTMT is a more reliable method compared to the traditional Fornell-Larcker criterion and cross-loadings. Discriminant validity is considered adequate if HTMT values are below 0.85 (strict threshold) or below 0.90 (lenient threshold), depending on the conceptual similarity between constructs (Henseler et al., 2015; Hair et al., 2022). Values above 0.90 indicate a potential lack of discriminant validity, suggesting that the constructs may not be empirically distinct.

Table. 3 Model Fit

	Saturated model	Estimated model
SRMR	0.07	0.006
d_ULS	2.428	2.542
d_G	5.816	5.978
Chi-square	7825.729	7868.632
NFI	0.975	0.98

Goodness of fit serves as a global metric that assesses the overall efficiency of the measurement model, particularly through average communality (Tenenhaus et al., 2005). Evaluating the overall goodness of fit should be the initial step in model assessment. A model is considered to have a good fit when the Standardized Root Mean Square Residual (SRMR) is below 0.08 (Hu & Bentler, 1998). The Normed Fit Index (NFI) ranges from 0 to 1, with values approaching 0.90 generally indicating an acceptable model fit (Bentler, 1992). However, for composite models, specific threshold values for NFI have yet to be clearly established, and its application remains limited (Byrne, 2008).

Structural Model Assessment

Structural model assessment examines hypothesized relationships among constructs. Path coefficients (β) and their significance (via bootstrapping, *p* < 0.05) evaluate direct effects. Explained variance ($R^2 \geq 0.10$) and predictive relevance (Stone-Geisser's $Q^2 > 0$) assess model strength. Collinearity (VIF < 5) ensures no bias. Model fit indices (e.g., SRMR < 0.08, NFI > 0.90) confirm alignment with data (Hair et al., 2017; Henseler et al., 2016).

Table 4 Hypothesis Relationship Results

| Hypothesis Relationships	Beta Coefficient	Standard deviation	T Value	P values
Employee Efficacy -> Employee Efficiency	0.185	0.125	1.483	0.138
Employee Efficiency -> Employee Retention	0.423	0.122	3.475	0.001
Empowerment -> Employee Efficacy	0.278	0.059	4.745	0
Empowerment -> Employee Engagement	0.649	0.099	6.592	0
Empowerment -> Motivation	0.155	0.08	1.944	0.052
Employee Engagement -> Employee Retention	0.083	0.19	0.435	0.664
Employee Engagement -> Motivation	0.828	0.079	10.481	0
Motivation -> Employee Efficacy	0.717	0.059	12.115	0
Motivation -> Employee Efficiency	0.61	0.127	4.805	0
Motivation -> Employee Retention	0.415	0.203	2.045	0.041
Motivation x Employee Efficacy -> Employee Efficiency	-0.068	0.029	2.378	0.017
Organizational Commitment -> Employee Engagement	0.332	0.099	3.339	0.001

Source: SmartPLS 4 Outcome

The R-square values indicate a strong explanatory power of the research model. Employee Efficacy (R^2 = 0.966) and Motivation (R^2 = 0.954) exhibit a very high proportion of variance explained by their predictors, suggesting a robust model fit. Employee Engagement (R^2 = 0.919) also shows substantial predictability. Employee Efficiency (R^2 = 0.799) and Retention (R^2 = 0.794) indicate moderate to strong model strength. Adjusted R^2 values, slightly lower, confirm model reliability by accounting for predictor quantity, minimizing overfitting and ensuring generalizability.

Table 5 Coefficient of Determination (R²) for Endogenous Constructs

	R-square	R-square adjusted
Employee Efficacy	0.966	0.965
Employee Efficiency	0.799	0.778
Employee Engagement	0.919	0.917
Employee Retention	0.794	0.792
Motivation	0.954	0.952

Fig. 4 Structural Model
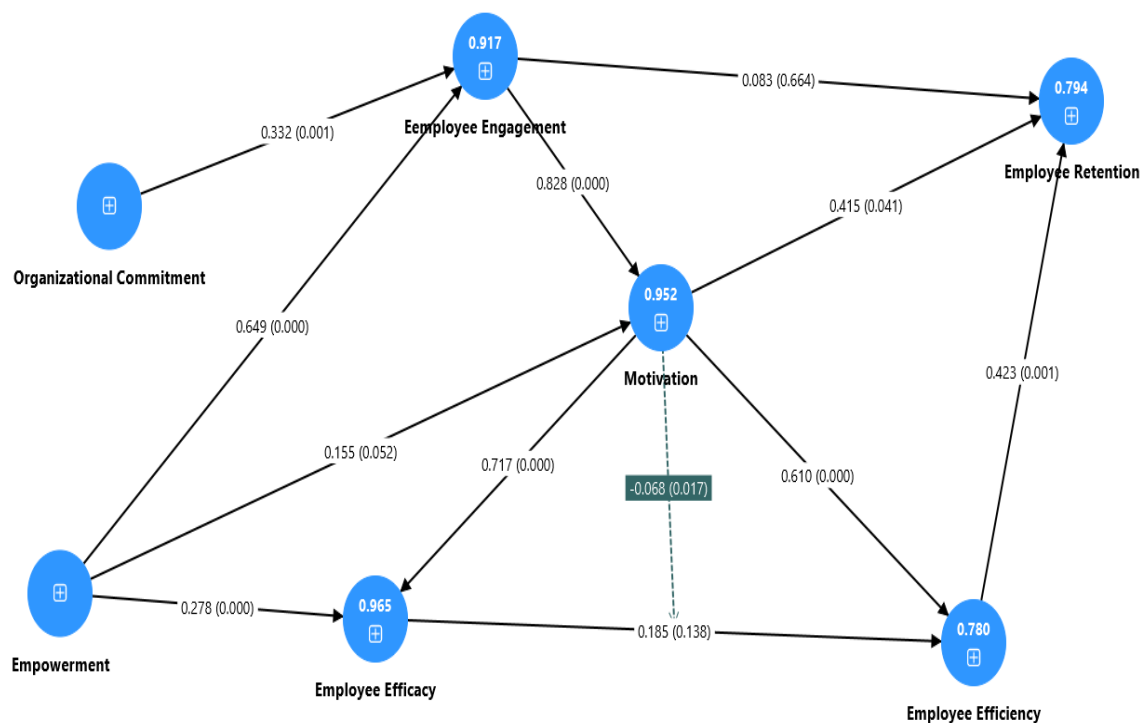
Source: SmartPLS 4 Outcome

6. DISCUSSION OF HYPOTHESIS RESULTS

The analysis reveals critical insights into the interplay of organizational factors influencing employee outcomes, emphasizing pathways that align with workplace effectiveness. Employee empowerment emerges as a foundational driver, significantly enhancing efficacy (β = 0.278, *p* < 0.001), engagement (β = 0.649, *p* < 0.001), and marginally motivating employees (β = 0.155, *p* = 0.052). This supports prior findings that empowerment enhances psychological states and proactive behaviors (Spreitzer, 1995; Afsar et al., 2019). However, the relatively weaker effect on motivation suggests a need for complementary strategies, such as recognition, autonomy, and career development opportunities (Deci & Ryan, 2000; Gupta et al., 2022), particularly in knowledge-intensive and dynamic work environments.

Motivation, in turn, robustly predicts both employee efficacy (β = 0.717, *p* < 0.001) and efficiency (β = 0.61, *p* < 0.001), emphasizing its centrality to performance. This is consistent with Self-Determination Theory and recent empirical work linking intrinsic motivation to higher job performance and creative output (Ryan & Deci, 2020; Afsar & Badir, 2017). However, the negative interaction between motivation and efficacy on efficiency (β = -0.068, *p* = 0.017) suggests potential cognitive overload, misalignment of resources, or goal conflicts when both are elevated—supporting similar concerns raised by Podsakoff et al. (2007) and reaffirmed by recent findings in organizational complexity (Kim et al., 2021). Effective goal-setting, resource allocation, and role clarity are crucial in such contexts (Locke & Latham, 2019). Employee engagement, though strongly driven by empowerment (β = 0.649) and organizational commitment (β = 0.332, *p* = 0.001), does not directly improve retention (β = 0.083, *p* = 0.664). This echoes Saks (2006) and is reinforced by Afsar, Masood, and Umrani (2020), who argue that engagement influences retention primarily through intermediary outcomes such as motivation. Indeed, its indirect effect via motivation (β = 0.828, *p* < 0.001) and efficiency (β = 0.423, *p* = 0.001) appears more potent. Retention is better supported through performance outcomes and targeted motivational interventions (β = 0.415, *p* = 0.041), as evidenced in recent meta-analyses (Hom et al., 2022).

Furthermore, the strong link between organizational commitment and engagement underscores the need for cultural alignment, value congruence, and trust-building practices (Meyer & Allen, 1997; Afsar & Umrani, 2020). Finally, the non-significant path from efficacy to efficiency (β = 0.185, *p* = 0.138) suggests that capability development alone is insufficient; organizations must also provide autonomy, tools, and supportive structures (Bandura, 1997; Hackman & Oldham, 1976; Rees et al., 2023) to transform potential into measurable output.

Figure 5 Moderation Graph of Motivation

Motivation x Employee Efficacy
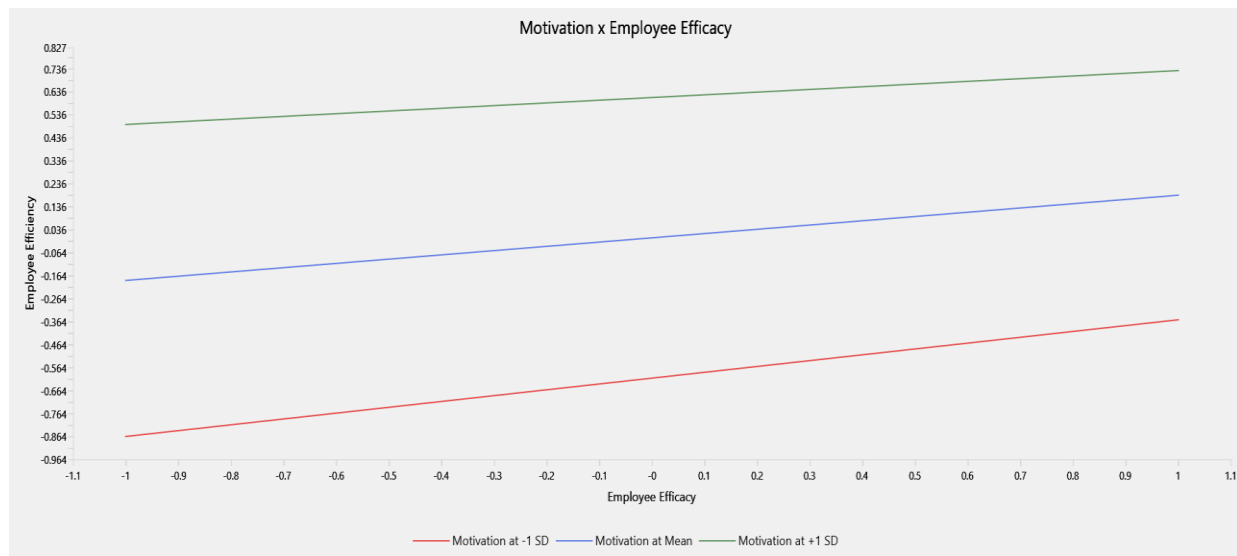
Source: SmartPLS 4 Outcome

Figure 4 illustrates the moderating effect of motivation on the relationship between employee efficacy and efficiency. The graph demonstrates how varying levels of motivation alter the strength and direction of this relationship. The analysis reveals a statistically significant interaction term (β = -0.068, p = 0.017), indicating that motivation dampens the positive association between efficacy (i.e., perceived competence) and efficiency (i.e., output or productivity). This counterintuitive finding aligns with recent literature suggesting that excessive motivational pressure or heightened self-drive, when paired with high self-efficacy, can lead to cognitive strain, overload, or task misalignment, ultimately impairing performance (Kim et al., 2021; Ma & Zhang, 2023).

High motivation may cause employees to focus excessively on multiple goals or perfectionism, disrupting the efficient application of their skills (Van Yperen et al., 2016). Furthermore, the Yerkes-Dodson law implies that while moderate levels of arousal/motivation can enhance performance, overly high levels may diminish task efficiency, especially in complex roles (Deci & Ryan, 2020; Ryan & Deci, 2017). Organizational scholars have also emphasized that without clear goals, support structures, and alignment, high motivation and efficacy may not translate into measurable productivity (Gupta et al., 2022; Rees et al., 2023). Thus, organizations should balance motivational strategies with structural clarity and task support to ensure efficacy leads to efficient outcomes.

This finding suggests that while highly motivated employees may inherently strive to perform efficiently, excessive motivation—when coupled with high efficacy—could inadvertently create diminishing returns. For instance, employees with strong skills (high efficacy) who are also highly motivated might overcommit to tasks, leading to cognitive overload, multitasking, or misaligned prioritization, which paradoxically hampers efficiency. This aligns with the "too-much-of-a-good-thing" principle in organizational psychology, where extreme levels of a beneficial trait (e.g., motivation) may trigger unintended negative outcomes. The graph may further highlight that at lower levels of motivation, efficacy has a stronger positive impact on efficiency. This implies that employees with moderate motivation levels can channel their skills more effectively into productive outcomes, likely due to balanced focus and sustainable effort. Conversely, at higher motivation levels, the marginal gains from efficacy diminish, possibly due to stress, burnout, or resource constraints.

Discussion

This research provides valuable insights into how employee empowerment influences organizational performance through both direct and indirect pathways. It highlights that empowerment is not a standalone concept but one that operates through key psychological variables such as job satisfaction, organizational commitment, and employee engagement. These mediating factors strengthen the connection between empowerment and improved individual and organizational outcomes, suggesting that organizations must nurture an environment that supports employee well-being and motivation. The research also reveals that the effectiveness of empowerment is influenced by contextual factors such as leadership style, organizational culture, and work environment. Empowerment practices yield the most positive results when aligned with participative leadership and a supportive organizational climate that values autonomy and trust. In this sense, the study contributes a more comprehensive understanding of how and under what conditions empowerment strategies lead to superior performance outcomes in the hospitality industry.

Applying these findings in real-world settings can help hospitality organizations address challenges such as high employee turnover, inconsistent service quality, and employee disengagement. Empowerment, when implemented strategically and supported by the right leadership and organizational culture, can lead to a more committed workforce and improved service

delivery, which are essential in a customer-driven industry. The study also extends theoretical frameworks such as self-determination theory and social exchange theory, reinforcing the idea that when employees are empowered, they are more likely to reciprocate with increased effort, loyalty, and job performance. By integrating both mediation and moderation perspectives, this research offers a holistic framework that future scholars can build upon, particularly in service-oriented and labor-intensive sectors.

Theoretical Implications

The study offers several significant theoretical contributions to the existing body of knowledge in organizational behavior and hospitality management. Firstly, the research enriches the empowerment–performance linkage by elucidating the mechanisms through which employee empowerment translates into enhanced organizational performance. It extends prior models by integrating psychological constructs such as job satisfaction, organizational commitment, and employee engagement as mediators, thereby deepening the understanding of the underlying processes connecting empowerment to outcomes. Recent empirical studies support this integrative approach. For instance, Chen et al. (2023) found that empowerment significantly enhances job satisfaction and commitment in service-oriented organizations. Similarly, Ali and Sumaira (2025) demonstrated that empowered employees drive marketing and product innovation, contributing to customer retention in the FMCG sector. Furthermore, Nguyen and Tran (2022) emphasized that engagement mediates the relationship between empowerment and organizational adaptability in dynamic environments. These insights advance theoretical discourse by confirming that psychological mechanisms serve as critical conduits linking empowerment with sustainable organizational performance.

Secondly, the study introduces moderation effects, particularly focusing on leadership style, organizational culture, and work environment, to explain the variability in the empowerment-performance relationship across different contexts. This offers a more nuanced view, emphasizing that empowerment alone may not uniformly lead to improved performance unless the organizational climate supports such initiatives. The findings underscore the importance of contextual variables, aligning with contingency theory and reinforcing the need for situationally adaptive leadership. Moreover, by applying and validating these relationships in the hospitality sector—a labor-intensive and customer-centric industry—the study contributes to sector-specific literature, which is often underrepresented in mainstream management theory. It addresses a critical gap by demonstrating that the dynamics of empowerment and performance may differ in high-contact service environments compared to other sectors.

Finally, the study supports and expands upon self-determination theory and social exchange theory, suggesting that when employees perceive autonomy and trust from management, they reciprocate with greater discretionary effort and commitment. The theoretical framework developed through this study can serve as a foundation for future empirical investigations, particularly in emerging economies or culturally diverse settings where empowerment practices are gaining momentum. Overall, the research advances theoretical discourse by integrating mediation and moderation perspectives, offering a more holistic and contextually grounded understanding of how empowerment drives performance in the hospitality industry.

Practical Implications

The findings offer meaningful insights for hospitality practitioners seeking to enhance organizational performance through human capital strategies. Empowering employees emerges as a critical driver of improved service quality, operational efficiency, and customer satisfaction. When staff members are entrusted with decision-making authority and feel psychologically safe, they are more likely to demonstrate proactive behavior and take ownership of their roles (Lee & Kim, 2023). To fully leverage empowerment, organizations must focus on key psychological constructs such as job satisfaction, organizational commitment, and employee engagement, which serve as mediators between empowerment and performance outcomes (Chen et al., 2023). Moreover, Zhou and Zhang (2022) emphasize that empowerment practices significantly reduce employee turnover and enhance innovation in customer-facing services. These insights stress the need for hospitality firms to foster inclusive leadership, open communication, and value alignment to maximize the strategic benefits of empowerment.

Creating a supportive work environment—where recognition, feedback, and growth opportunities are embedded into daily practices—can significantly boost these mediators, thereby maximizing the impact of empowerment on performance outcomes. Leadership style and organizational culture play an important role in shaping how empowerment is perceived and enacted. The study suggests that empowerment is most effective when leaders adopt inclusive, participatory approaches and when the organizational culture encourages autonomy, collaboration, and trust. This calls for targeted leadership development initiatives and culture-building efforts that align with empowerment practices. Human resource professionals can apply these insights to refine talent management strategies. Recruitment processes may prioritize candidates with strong interpersonal skills and a collaborative mindset, while training programs can focus on decision-making, communication, and problem-solving competencies that reinforce empowerment goals. In highly dynamic and customer-centric environments like hospitality, viewing empowerment as a strategic, long-term investment can enhance employee retention, customer loyalty, and business resilience. The study offers a practical roadmap for integrating empowerment into the broader organizational strategy, ultimately fostering a high-performance culture grounded in trust, responsibility, and mutual respect.

Research Limitations

Irrespective of offering valuable insights, this study has few limitations. It is based on cross-sectional data, which restricts the ability to establish causal relationships between empowerment and performance outcomes. The findings are also confined to the hospitality sector, limiting their generalizability to other industries. Self-reported data may introduce bias due to social desirability or subjective perceptions. In addition, cultural and regional differences within the hospitality sector were not extensively explored, which may influence how empowerment is perceived and enacted. The study also did not account for all possible moderating or mediating variables that could impact the empowerment-performance relationship. Future research using longitudinal designs and diverse organizational settings could help address these limitations and enhance the robustness of the findings.

Future scope of the Study

This study opens several avenues for future research. Longitudinal studies can be conducted to explore the causal relationships between empowerment and performance over time, offering a deeper understanding of long-term impacts. Expanding the research to other service sectors such as healthcare, retail, or education can help validate the model across different organizational contexts. Cross-cultural comparisons may reveal how cultural norms influence the effectiveness of empowerment practices. Further, incorporating variables such as emotional intelligence, psychological safety, and digital competency can enrich the existing framework. Future studies could also explore the role of technology in enabling or hindering empowerment in the post-pandemic era. Finally, qualitative approaches like interviews or case studies may provide richer insights into the lived experiences of empowered employees in the hospitality sector.

Conflict of Interest

The authors declare no conflict of interest. This research was conducted independently, without any financial, commercial, or personal relationships that could have influenced the study's outcomes.

Acknowledgment

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