Unveiling the Productivity Paradox: Remote Work and Employee Performance in the IT Sector Through the Lens of Work Stress

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Abstract

Purpose: The purpose of the study is to examine the influence of individual work-related factors (i.e., workload, work-life balance, job satisfaction, and social support) on productivity among young IT professionals working remotely through the mediating effect of work stress.

Design/methodology/approach: This study employed a cross-sectional design and adopted a quantitative approach to analyse the data gathered from 271 respondents, selected through purposive sampling. Both direct and indirect structural relationship was analysed through Smart PLS 4.0.

Findings: The results indicated that workload, work-life balance, and job satisfaction were significant predictors of employee performance, with work stress also having a mediating effect on these variables. The findings strongly support SET, EDT, JD-R, and work-family border theory.

Conclusion: Productivity is sustained through task completion and balanced and satisfying work experiences that accommodate personal and professional needs. The study also exhibits the importance of mitigating stress management in contemporary work management and meeting the needs of the younger generation, which can lead to enhanced engagement.

Practical Implications: In order to meet the needs of the younger generation, organisations must create flexible work policies that incorporate hybrid work models, support employees' well-being by implementing stress management initiatives, and create comprehensive guidelines to handle issues like burnout, distractions, social connectivity, and team engagement in remote settings.

Originality/Value: By integrating the perspectives from HRM and organisational psychology, this study provides a holistic model and addresses a critical gap in the literature, particularly in remote work practices, specifically for young employees in the IT sector.

Keywords: Employee productivity, IT sector, remote work, young cohorts

Paper Type: Research Paper

JEL Classification: J24, J28, J86, M54

1. Introduction

Over the past few decades, employee productivity has evolved significantly, stimulated by changing workforce demographics, technological advancements, and shifts in organisational culture (Cascio & Montealegre, 2016). Traditionally, productivity was prioritised through the efficiency of manual labour in terms of the quantity of output produced and physical presence in the workplace (Al Horr et al., 2016). However, in the modern organisation, with the rise of knowledge work, this definition has shifted towards a more holistic view (Bhattarai et al., 2023), encompassing broad perspectives like the quality of work, efficiency, creativity, and overall well-being of employees (Kowalski & Loretto, 2017). The modern workplace has undergone a drastic transformation, driven by digitalisation and the globalisation of business operations, facilitating the rise of remote working across the globe (Wallace, 2004). The pandemic accelerated global acceptance of remote work. For instance, in the U.S., 71% of employees could work remotely, up from 43% before the pandemic, and in Europe, remote work increased from 12% to 50% (Hayes et al., 2021; Battisti et al., 2022). Although remote work has existed since the 1970s, it has significantly grown in recent decades due to globalisation and digital advancements, with platforms like Zoom, Slack, and Microsoft Teams becoming essential (Khasawneh, 2021). This modern work approach, accelerated by COVID-19, is expected to continue and transform workplace dynamics globally (Amankwah-Amoah et al., 2021).

The young demographic (i.e., Millennials and Gen Z) are often described as agile and tech-savvy and have expressed a strong interest in remote work settings (Choudhary et al., 2024). In developed nations countries like the U.S., UK, and Germany, 97% of the millennials and Gen Z expressed their desire to continue to work remotely (Herold, 2019), whereas in developing nations (i.e., India, Brazil, and South Africa), 74% of the younger employees prefer remote working than traditional office site (Rani & Furrer, 2021). Research by Fleeton (2024), Bajrami (2024), and Brown (2023) shows that the younger generation has different values, motivations, and working dynamics and prioritises work-life balance, autonomy, flexibility, mental health, and job satisfaction, which fits with their lifestyle. Thus, younger cohorts feel more engaged and productive in remote settings, given their familiarity with digital tools. Companies that want to adopt remote work must invest in strong IT infrastructure, data security, and policies that enhance productivity while addressing logistical and legal issues like data protection and employee health and safety at home offices (Faruque et al., 2024).

The Government of Nepal has declared 2024-2034 as the "decade of information technology," with significant growth in the sector, generating thousands of full-time and freelance jobs, particularly for Gen Z (Kharel et al., 2024). Among IT professionals in Nepal, 48.8% are aged 25-29, and 34.7% are aged 20-24, reflecting a strong presence of younger generations in the workforce (IIDS, 2023). Despite remote work's popularity, it remains contentious as it disrupts traditional company structures and methods of employee supervision. It has sparked debate about productivity, as some studies provided mixed results, with some findings reporting declines in productivity due to a decline in teamwork and limited oversight and others reporting higher productivity and satisfaction seeing gains, especially from undisturbed, longer working hours (Hoogeveen, 2024; Kizenga, 2022).

In recent years, there has been a notable academic shift toward studying remote working, particularly in the context of the COVID-19 pandemic (Al-Habaibeh et al., 2021). Many research works have explored how different jobs can be executed remotely, with remote working becoming a new management style and policy (Grant et al., 2013; Ferreira et al., 2021). A comprehensive review of pertinent studies conducted across the globe indicates that many studies were undertaken to explore various factors that influence employees' productivity in remote work settings. Studies have fundamentally documented the general effects of remote work on employees' performance, work-life balance, and organisational outcomes without scrutinising specific individual-related factors (Šmite et al., 2023; Eddleston & Mulki, 2017). Empirical evidence (Ljungkvist & Moore, 2023; Mohezar et al., 2021; Stokes, 2019),

however, continuously emphasises the significance of four standalone elements: workload, work-life balance, job satisfaction, and social support in impacting the productivity of younger (i.e., Millennials and Gen Z) employees. This study aims to shed light on how working remotely affects the productivity of younger workers in the Nepalese IT sector by analysing the relationship between workload, job satisfaction, social support, and work-life balance. This is because working remotely can impact employees' personal and professional lives across the globe.

Work stress and burnout have emerged as a critical issue in discussions about employee productivity, particularly in remote settings. Alarmingly, 67% of remote workers report experiencing symptoms of burnout, highlighting the urgency for organisations to adopt tailored approaches to safeguard employee well-being (Singh, 2024). Furthermore, several current studies have reported a surge in stress levels among workers, especially young IT professionals (Anderson, 2023; Sormunen, 2024), yet there lies an empirical gap in understanding the specific mechanism through which stress impacts productivity. Thus, this study also aims to fill the gap in the literature by incorporating work stress as a mediator factor to assess its significance in the relationship between four individual work-related factors and employee performance. By integrating the perspectives from HRM and organisational psychology, this study provides a holistic model for optimising remote work practices to enhance the productivity of the younger employees in the IT sector and help stakeholders balance organisational goals with employee well-being.

The study is organised as follows: Section 2 presents the conceptual framework and advances a set of hypotheses, followed by the methodology section, which highlights the key features of the study. Subsequently, the results will be presented and discussed, followed by the conclusion, contributions, and, eventually, the study's limitations and potential future advances.

2. Literature Review

2.1. *Remote Working and Employees Productivity*

The concept of *"remote work or work-from-home (WFH) or distance working"* allows employees to perform their tasks away from their office, either from home or any other location, with information and telecommunication tools (Olson, 1983). The foundation of remote work was developed during the Industrial Revolution, which introduced communication tools like the typewriter and telegraph (Thornburg, 2002). In addition, key developments in the mid-20th century, particularly the advent of personal computers and Jack Nilles's "Telecommuting Policy," fueled the discussions on the benefits of working from home (Stiles, 2019). The empirical statistics show varying degrees of remote work feasibility across different sectors, i.e., 10-15% of agricultural tasks, 5-10% of manufacturing roles, 10-15% of retail positions, approximately 40-50% of jobs in the finance sector, 20-25% of the roles in the health care sector, 40-60% in education sectors, and highest 70-80% of jobs in IT sector (Althoff et al., 2022). Hence, compared to other industry sectors, the IT sector has implemented remote work more smoothly due to its inherent reliance on technology and digital tools.

Prasad and Mangipudi (2021) assert that remote work influences critical factors like employee productivity, job satisfaction, engagement, turnover, wages, and overall company performance. In a study conducted by Bloom et al. (2015) with Ctrip, a Chinese NASDAQ-listed firm, 16,000 workers were permitted to work from home, which led to a 13% improvement in performance because of greater productivity and fewer absences. In addition, job satisfaction increased, and attrition rates decreased by 50%. Kahn (2022) found that small enterprises in the U.S. benefited from remote work in terms of reduced absenteeism, improved work-life balance, and less stress from commuting, while Felstead and Reuschke (2021) found no increase in productivity in similar settings. In contrast, Galanti et al. (2021) discovered that while productivity may increase when working remotely, social isolation and family situations may impede these benefits. There is a wide range of expectations for remote

work; certain tech businesses and financial organisations, such as Disney and Goldman Sachs, are decreasing their remote options while others are considering hybrid approaches (Viardot et al., 2023). Project completion times have reportedly increased by 50% and costs by 30% due to these delays, raising questions about how remote labour may affect corporate objectives and productivity. Thus, both viewpoints are supported by several studies that reported increased employee productivity, while some employers are concerned about operational difficulties, teamwork, and supervision in remote settings (Kahn, 2022; Herskowitz, 2022).

Due to the flexibility of scheduling and shorter commutes, metrics such as job completion rates, response times, and self-reported productivity scores show remote work can boost efficiency (Allen et al., 2015). Though there are increasing remote work opportunities in Nepal and other developing countries, the efficacy of remote work differs by region and industry. Throughout the past 20 years, Nepal has prioritised the IT industry in establishing itself globally. To help achieve this goal, the country has established the Digital Nepal framework, which spans industries like finance, education, and health (Sarker et al., 2021). The rise of the IT industry has been fueled by recent increases in internet penetration and government incentives, such as tax breaks and financial allocations, despite early hurdles from an energy crisis (Das et al., 2018). Nepal's digital adoption was sped up by the COVID-19 Pandemic, which led many businesses to implement hybrid work arrangements, especially in the IT industry, and increased demand for remote work, particularly among Gen Z and millennials (Schwartz, 2021).

For instance, remote working promotes autonomy and flexible hours, which boost motivation, work-life balance, engagement, and satisfaction, but the absence of a structured environment can lead to a lack of discipline among the younger cohorts. In addition, having access to high-quality digital tools and a well-designed home office can help address these problems and support sustained productivity (Lehto, 2023). Conversely, prolonged isolation, insufficient in-person collaboration, and excessive support are associated with work stress, especially among younger employees, which has been the root cause of reduced innovation and learning, demonstrating the potential pitfalls of remote work settings (Memon et al., 2022). On the other hand, generational differences significantly influence work preference and productivity. Recent studies have reported that Millennials and Gen Z prioritise remote settings due to autonomy and flexibility, which steer towards higher work-life balance and engagement. For instance, 78% of Millennials and 68% of Gen Z experience being more productive when working remotely than previous generations (Even & Christiansen, 2023).

The International Labor Organization (ILO) has developed guidelines on remote work, emphasising work-life balance, the right to disconnect, and flexibility, impacting organisational practices worldwide (Vyas, 2022). Similarly, the European Union (EU) has set global standards for telework, which guarantees equitable treatment and health protections for both on-site and remote workers (Ratti & García-Muñoz, 2024). Giant tech companies like Google allow employees to work from their convenience, fostering flexibility, while Microsoft has integrated remote work into its long-term strategy to promote a hybrid work environment. All these initiatives have helped to promote remote work standards, emphasising digital tools, a culture of trust, and collaboration through online platforms (Teevan et al., 2020). In contrast, there is no national remote work policy in Nepal, but the Information Technology Policy 2020 promotes a knowledge-based economy, particularly benefiting IT professionals (Bhattarai, 2021).

2.2. *Conceptual Framework and Hypothesis Development*

Drawing on the aforementioned literature review and aligning with fundamental theories, including expectation confirmation theory, work-family border theory, social exchange, and Job Demand – Resources (JD-R) theory, the proposed conceptual framework is developed (Demerouti & Bakker, 2023; Tsen et al., 2023). The framework focuses on the employee's well-being and productivity perspectives by integrating personal, psychological, and organisational domains to provide a holistic view of the productivity of young IT professionals within remote work settings.

Figure 1

Conceptual Framework of the Study

Work Load and Employee Productivity
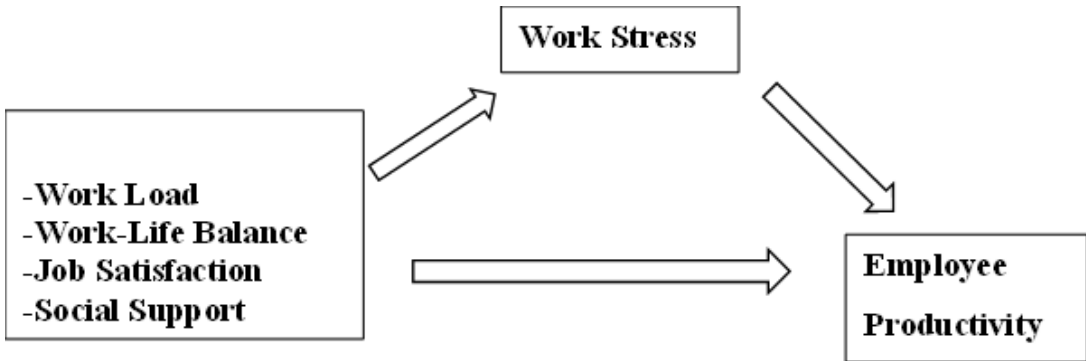
The workload is the work assigned to employees within a specific time frame, including the task's quality and complexity (Irawanto et al., 2021). Studies have shown that when the workload increases, their productivity decreases as employees experience stress, fatigue, and pressure. In contrast, a balanced workload leads to better performance, as they are less overwhelmed, enhance employee engagement, and can concentrate effectively on their work. In a traditional office setting, employees reporting excessive workload experience burnout and stress, significantly dropping productivity levels (McMenamin, 2007; Gibbs et al., 2021). Likewise, Felstead and Henseke (2017) revealed that remote works demand more significant commitment, enthusiasm, and job satisfaction, as well as more intensive monitoring, which tends to lessen procrastination and maintain a higher level of performance, supported by social exchange theory. In addition, studies have shown that due to flexibility and autonomy in remote settings, employees experience a manageable workload, which has led to an increase in productivity level (Wang et al., 2021).

In contrast, few recent studies have shown that employees have felt pressure due to constant availability, which has led to an increase in workload and has negatively affected employees well beings (Bartram et al.,2023; Nowrouzi-Kia et al., 2024). This aligns with social exchange theory, which posits that when the organisation provides manageable and appropriate workloads, employees perceive this as a positive exchange, motivating employees to perform better and ultimately enhancing productivity (Aqilah et al., 2023).

>   *H1: Workload significantly influences employee productivity during remote working.*

Work-life Balance and Employee Productivity

As defined by Clark (2000), WLB entails satisfaction and effective functioning in both professional responsibilities and personal life, with minimal role conflict. Clark's work-family border theory (W-FBT) states that work and family constitute different spheres and have an impact on each other. Numerous empirical studies have demonstrated a strong positive association between work-life balance and productivity, indicating that when employees experience a healthy balance between work and home, they intend to express increased motivation, reduced stress, and higher levels of job satisfaction (Chung & Van der Lippe, 2020; Contreras et al., 2020; Fonner & Roloff, 2010). In addition, studies have shown that remote work provides autonomy, leading to more significant organisational commitment, as well as provides time flexibility by eliminating commuting, allowing employees to spend more time

with family and personal matters, which stimulates productivity (Alassaf et al., 2023; Rigolizzo & Amabile, 2015). Thus, when employees can efficiently manage their time and set boundaries, it reduces the work-family conflict and can perceive the benefits of remote settings.

H2: Work-life balance significantly influences employee productivity during remote working.

Job Satisfaction and Employee Productivity

Job satisfaction is a multi-faceted concept encompassing employees' overall fulfilment and contentment with their work (Lund et al., 2020). Studies by Bhattarai et al. (2023), Lund et al. (2020), Belzunegui & Erro-Garcés (2020), and Zopiatis et al. (2015) have reported that a higher level of job satisfaction is strongly associated with increased productivity, indicating that satisfied employees are more involved, motivated, and committed to their work, as well as have lower rates of absenteeism and turnover. In addition, employees working remotely tend to exhibit higher job satisfaction than their in-office counterparts. Gallup survey (2021) reported 22% higher job satisfaction, and 87% experience a strong sense of fulfilment in their jobs compared to those working in traditional office settings. It highlights that working from home can foster autonomy, flexibility, and independence, resulting in higher job satisfaction (McConnell & Metz, 2024).

In addition, this association aligns with the Expectation Disconfirmation theory (EDT), which holds that job satisfaction arises from the discrepancy between expectations and actual performance (Lankton et al., 2014). Thus, this theory will help better comprehend remote work, level of satisfaction, and intention to stay working remotely.

H3: Job Satisfaction significantly influences employee productivity during remote working.

Social Support and Employee Productivity

Social support entails receiving encouragement and assistance from coworkers, supervisors, and organisations to manage work-related issues and challenges (Irawanto et al., 2021). Eurofound (2020) reported a 23% surge in productivity, with employees receiving strong social support regardless of whether they work on-site or remotely. Despite technological developments, remote work settings frequently lack social support, which affects their engagement and productivity. According to the Society of Human Resource Management report, 17% of employees experience a decrease in their productivity due to isolation and lack of social support in remote work (Slavković et al., 2021). Further attestation demonstrates that 60% of employees experienced a decline in productivity without regular social interaction, in contrast to 35% of in-office counterparts (Downs, 2023). However, organisation initiatives like daily virtual "stand-ups", social hours, virtual team-building activities, regular check-ins, and team messaging and video meetings through collaborative platforms like Microsoft Teams and Slack have significantly fostered social support systems and consequently increased engagement and productivity. In line with SET, employees receiving social support from their organisation and peers reciprocate with improved performance and commitment (Joseph, 2024).

H4: Social Support significantly influences employee productivity during remote working

Mediating Role of Work Stress

Work stress entails negative psychological and emotional strain experienced by the employees that arise from job-related pressures and demands (Irawanto et al., 2021). According to the Job Demand - Resource (JD-R) theory, work stress serves as a buffer variable that affects how job demands (i.e. workload, work-life balance, job satisfaction, and social support) influence employee productivity (Demerouti & Bakker, 2023). Likewise, studies have shown that (Chao et al., 2015; Kowalski et al., 2022) when the stress of the employees increases due to high demands, it diminishes productivity, demonstrating that reducing the stress can solidify the significant effect of these study variables on employee productivity. In the remote setting, particularly among young IT professionals, they often

encounter higher stress levels due to several aspects like lack of social interaction, increased work hours, job insecurity, and difficulty in separating personal life and work. This has significantly increased the stress level and has amplified higher rates of burnout, decreased productivity, and job satisfaction (Iacovides et al., 2003). This highlights that implementing stress-relief measures and reducing work stress can significantly enhance productivity, as supported by empirical evidence that links lower work stress to higher engagement and satisfaction.

> *H5a: Work stress mediates the relationship between workload and employees' performance during remote working.*
>
> *H5b: Work stress mediates the relationship between job satisfaction and employees' performance during remote working.*
>
> *H5c: Work stress mediates the relationship between work-life balance and employees' performance during remote working.*
>
> *H5d: Work stress mediates the relationship between social support and employees' performance during remote working.*

3. Research Methods

This study focuses on the quantitative framework that embodies numerical ideologies. The cross-sectional research design employed in the study focused on describing and testing the hypothesis. Hence, following Hox and Boeije (2005), the present study employed primary data for analysis. Data was gathered using an online survey questionnaire administered in the Kobo toolbox, using a five-point Likert scale. Since the young IT professional's sampling frame was difficult to obtain, a non-probability sampling technique was deemed appropriate for the study.

 In this study, a non-probability sampling technique, i.e., purposive sampling, was used to select the participants. Only the specific participants with the following criteria were chosen to meet the relevance of the study objectives. The eligible participants in the study must be between 23 and 35 years old because they are often digital natives and early-career professionals who are highly adaptable to technology-driven work environments. They must have completed their Bachelor's degree, be a full-time employee, and have at least six months of cumulative experience in remote or hybrid work settings. The study targeted the IT professional engaged in technical roles (i.e., Software development, coding, programming, or other technical IT-related tasks), as opposed to operational or administrative positions, which ensures that the responses are directly related to the specific contexts of remote work dynamics. As an ethical precaution, participants were assured before the questionnaire's distribution that their responses would be handled confidentially and that no information would be shared with third parties.

In order 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. Among the 450 distributed questionnaires, 291 responses were received, out of which 20 online responses were disqualified due to lack of remote working experience, leaving 271 valid responses (i.e. 60.22%). According to Babbie (2020), a response of 60% or higher response rate is considered highly comprehensive for surveys.

3.1. Measures and Instruments

Table 1

Measures and Instruments

Construct Details	No. of Items	Adaptation from the Studies
Work Load	4	(Kurdy et al., 2023; Grant et al., 2019)
Work-Life Balance	4	(Kurdy et al., 2023; Kowalski et al.,2022)
Job Satisfaction	4	(Kurdy et al.,2023; Kowalski et al., 2022)
Social Support	4	(Kurdy et al., 2023; Grant et al., 2019)
Work Stress	5	(Kowalski et al., 2022; Irawando et al., 2021)
Employees Productivity	5	(Kowalski et al.,2022; Irawando et al., 2021)

4. Results and Discussions

4.1. Preliminary Screening Test

Several preconditions were assessed before the final data analysis, including KMO and Bartlett's Test, Common Method Bias (CMB), and Nonresponse Bias. First, KMO and Bartlett's Sphericity test were computed to assess item adequacy and ascertain sample adequacy. The sample adequacy and sphericity test indicated that factorial analysis was appropriate for the study's data matrix, supported by a KMO value close to one (KMO = 0.944) and a significance level of 0.000 in Bartlett's test. The Harman one-factor test was employed to evaluate common method bias because self-reported surveys were used. Although this is still a study limitation, the analysis revealed that the first factor only accounted for 43.790% of the variance, suggesting a low risk of common method bias. Using the procedures recommended by Armstrong and Overton (1997), the nonresponse bias was assessed to determine the possibility that survey participants differed from non-respondents. Nonresponse bias was checked in SPSS through wave analysis (Paired test). This study compared the late 50 responders with the first 50 responders. With a significance level of 0.05, comparisons of means between item pairs reveal no significant differences, indicating that this bias likely did not occur.

4.2. Descriptive Statistics and Normality Test

Table 2 presents the results of descriptive statistics and normality tests for all the constructs used in the study. The mean value for each construct ranged from 3.87 to 3.96, indicating positive responses towards all the study variables, whereas the standard deviation (SD) ranged from 0.794 to 0.868, demonstrating variability in response. The normality test is performed for robustness even though it is not required in PLS-SEM. As Curran et al. (1996) recommended, the cutoff value for Kurtosis was +/-7, whereas the cutoff value for Skewness was +/-2. When calculated, the skewness value ranges from (-1.126 to -1.425), and the kurtosis value ranges from (1.494 to 3.264), suggesting normal distribution within the dataset. Hence, the findings demonstrate that the dataset is sufficiently robust for subsequent analyses.

Table 2

Descriptive Statistics and Normality Test

Constructs	Mean	SD	Skewness	Kurtosis
Work Load	3.95	0.853	-1.294	2.222
Work-Life Balance	3.93	0.868	-1.39	2.33
Job Satisfaction	3.94	0.868	-1.17	1.95
Social Support	3.876	0.794	-1.264	1.96

Employees Productivity	3.96	0.831	-1.425	3.264
Work Stress	3.879	0.826	-1.126	1.494

Note. Research Calculation, (2024)

4.3. General Perception Regarding Remote Work Preferences and Productivity

The findings revealed that most respondents (60.51%) prefer working from home, demonstrating a clear preference for remote work settings. Likewise, an overwhelming (91.82%) of the respondents reported increased productivity due to remote work. However, the respondents were asked about the notable challenges associated with remote work. Most of the respondents reported a lack of social interaction (46.86%), distraction at home (21.40%), and the risk of overworking and burnout (15.50%) as a significant challenge. This highlights the need for IT organisations to adopt flexible remote work practices that enhance productivity and address challenges like isolation, distractions, and burnout to foster an amicable and more effective workforce.

Table 3

General Perception Regarding Remote Work Preferences and Productivity

Question	Response Options	Frequency	Percentage (%)
Preferred Work Environment	Home	164	60.51
	Hybrid	51	18.82
	Co-working Space	30	11.07
	Office	26	9.6
Increased Productivity Due to Remote Work	Yes	249	91.82
	No	22	8.18
Challenges of Remote Work	Lack of social interaction	127	46.86
	Distractions at Home	58	21.40
	Overworking and Burnout	42	15.50
	Time management issues	30	11.07
	Other	14	4.71

Note. Researcher's Calculation, (2024)

4.4. Measurement Model Assessment

The measurement model is assessed using internal consistency reliability and convergent and discriminant validity, confirming the study items' reliability and validity. The convergent validity is assessed using a confirmatory factor analysis technique by calculating factor loadings, composite reliability (CR), and average variance extracted (AVE). Table 4 shows that the standardised factors loading is more than the cutoff criteria of 0.70, as Purwanto and Sudargini (2021) suggested, indicating that the loadings are robust and valid, confirming the measurement model's correctness. Nevertheless, internal consistency reliability was confirmed through Cronbach alpha and composite reliability (CR) values. Findings revealed that both the Cronbach alpha value and CR are significant (i.e. above the cutoff criteria of 0.70 as suggested by Hair et al. (2014), indicating the internal consistency of the

measures. Similarly, AVE is also higher than 0.50, ensuring convergent validity, as Fornell and Lacker (1981) assert that for the presence of convergent validity, the value should be greater than 0.50 (see Table 4).

Furthermore, the discriminant validity evaluation is demonstrated with the help of the Fornell-Lacker criterion, Heterotrait-Monotrait, and Cross-loading values, as suggested by Franke and Sarstedt (2019) and Hair et al. (2017). The Fornell-Larcker criterion evaluates discriminant validity by examining the square root of AVE for each latent variable. According to this criterion, the square root of the AVE of each of the latent variables should be greater than its correlation with another latent variable. The results confirmed that the square root of the AVE of each latent variable is more significant than its correlation with other latent variables, as shown in Table 5. In the familiar research context, assessing discriminant validity through the Fornell-Lacker criterion is considered unreliable. Hence, the HTMT method proposed by Henseler et al. (2015) addresses this issue, which measures the correlation between two latent variables, recommending a threshold of 0.90. Values above this indicate inadequate discriminant validity. Alternatively, Kline (2011) suggested a threshold of 0.85. Following the criteria suggested by Henseler et al. (2015) and Kline (2011), the finding revealed that the construct values were less than 0.85, indicating that the PLS model meets the HTMT criteria (see Table 6). Moreover, to validate discriminant validity, an item's outer loading within the parent construct needs to be higher than its cross-loadings of the same item in any other construct, which has been satisfied in the study. Hence, all the criteria of the measurement model were satisfied in the study, which indicates that the measurement model is adequate.

Table 4

Evaluation of Inner Model

Constructs	Item & Coding	Factor Loading	AVE	CR	Cronbach's Alpha
Work Load	WL_1	0.835	0.688	0.898	0.849
	WL_2	0.847			
	WL_3	0.839			
	WL_4	0.797			
Work-Life Balance	WLB_1	0.834	0.708	0.906	0.862
	WLB_2	0.818			
	WLB_3	0.851			
	WLB_4	0.861			
Job Satisfaction	JS_1	0.86	0.633	0.896	0.854
	JS_2	0.756			
	JS_3	0.774			
	JS_4	0.827			
	JS_5	0.826			

Social Support	SS_1	0.837	0.646	0.88	0.817
	SS_2	0.765			
	SS_3	0.812			
	SS_4	0.8			
Work Stress	WS_1	0.704	0.613	0.887	0.841
	WS_2	0.829			
	WS_3	0.774			
	WS_4	0.812			
	WS_5	0.787			
Employee Productivity	EP_1	0.856	0.686	0.916	0.886
	EP_2	0.826			
	EP_3	0.806			
	EP_4	0.827			
	EP_5	0.826			

Note: Researcher's Calculation from Field Survey, (2024)

Table 5

Discriminant Validity - Fornell and Larcker Criterion

	EP	JS	SS	WLB	WL	WS
EP	0.828					
JS	0.667	0.796				
SS	0.583	0.544	0.804			
WLB	0.683	0.624	0.544	0.841		
WL	0.678	0.58	0.685	0.589	0.83	
WS	0.604	0.558	0.42	0.573	0.525	0.783

Note: Researcher's Calculation from Field Survey (2024)

Table 6

Discriminant Validity - HTMT

	EP	JS	SS	WLB	WL	WS
EP						
JS	0.765					
SS	0.683	0.648				
WLB	0.78	0.728	0.645			
WL	0.78	0.681	0.82	0.689		
WS	0.697	0.655	0.503	0.675	0.619	

Note: Researcher's Calculation from Field Survey, (2024)

4.5. *Structural Model*

After analysing the measurement model, calculations on the structural model are carried out through a bootstrapping technique (with a resample of 10,000). Primarily, this model was investigated for testing the hypothesis. In the beginning, five tests, namely, Collinearity, Analysis, Coefficient of Determination (R2), Effect Size (F2), PLS-Predict, and the Model fit, were carried out, and finally, the hypothesis was tested.

Collinearity should be checked before examining the structural relationship because it may skew the regression results. For the reflective model, it is recommended to examine the collinearity of the inner model (i.e., among the predictors). A VIF value above 5 indicates a substantial likelihood of collinearity issues, while a value below 3 represents an ideal condition (Hair et al., 2021). Since all the VIF values of the latent construct are below 3, thereby proving the absence of collinearity among predictors. Since the model does not have collinearity, R2, effect size, and PLS-Predict values are computed.

R2 explained the model's predictive power based on the criteria suggested by Liu et al. (2021), i.e., 0.75 (Substantial), 0.50 (Moderate), or 0.25 (Weak). From the above table, it can be seen that the value of R2 for Employee performance (i.e., 0.643) is above 0.50, indicating moderate predictive power of five predictor variables (i.e., WL, WLB, JS, SS, and WS), whereas for Work stress (i.e., 0.419), is above 0.25 and close to 0.50, indicating slightly moderate predictive power of four predictive variables (i.e., WL, WLB, JS, and SS). Likewise, to evaluate the effect size of all the exogenous variables, the value of F2 should be higher than 0.02 (Hair et al., 2013). The findings revealed that all the F2 values exceed 0.02, demonstrating an effect of all the exogenous variables. Similarly, cross-validated redundancy (Q2) was used to measure the predictive power of the latent variables. According to Henseler et al. (2015), the value of Q2 greater than zero indicates that the model has predictive relevance. The study's findings revealed that the Q2 values of EP = 0.59 and WS = 0.39, which is greater than zero, indicate the predictive relevancy of the model. Finally, model fit is assessed by taking into account SRMR and Normed Fit Index (NFI) values as indicators to confirm model suitability and ensure there are no specification errors in the model. According to Sathyanarayana and Mohanasundaram (2024), the SRMR values should not exceed 0.08, while the NFI values must fall between 0 and 1, assuming that the closer to 1, the better. Hence, SRMR (i.e., 0.052) and NFI (i.e., 0.831) fulfil the criteria, confirming the model's suitability.

Table 7

Predictive Relevancy (R-Square, F-Square, and Q-Square)

Predictors	Outcome Variable	R-Square	F- Square	Q-Square
JS		0.643	0.07	EP = 0.59
			0.023	WS = 0.39
SS			0.09	**Model Fit**
WLB	EP		0.08	**(SRMR:**
WL			0.04	**0.054; NFI:**
WS			0.643	**0.831**
JS			0.034	
SS		0.419	0.08	
WLB	WS		0.038	
WL				

Note. Researcher's Calculation from Field Survey, (2024)

4.5.1. *Structural Relationship (Hypothesised Direct and Mediating Relationship)*

The hypothesis's validation is demonstrated by confirming b-values, Standard error (SD), and t-values. The $p < 0.05$ and $t > 1.645$ values signify the acceptance of the hypothesis. Figure 3, along with Tables 7 and 8, confirmed the relationship of the variables in the hypotheses, illustrating both direct and indirect effects on employee productivity. This result was employed to discuss the structural path's four direct and indirect effects.

Figure 2

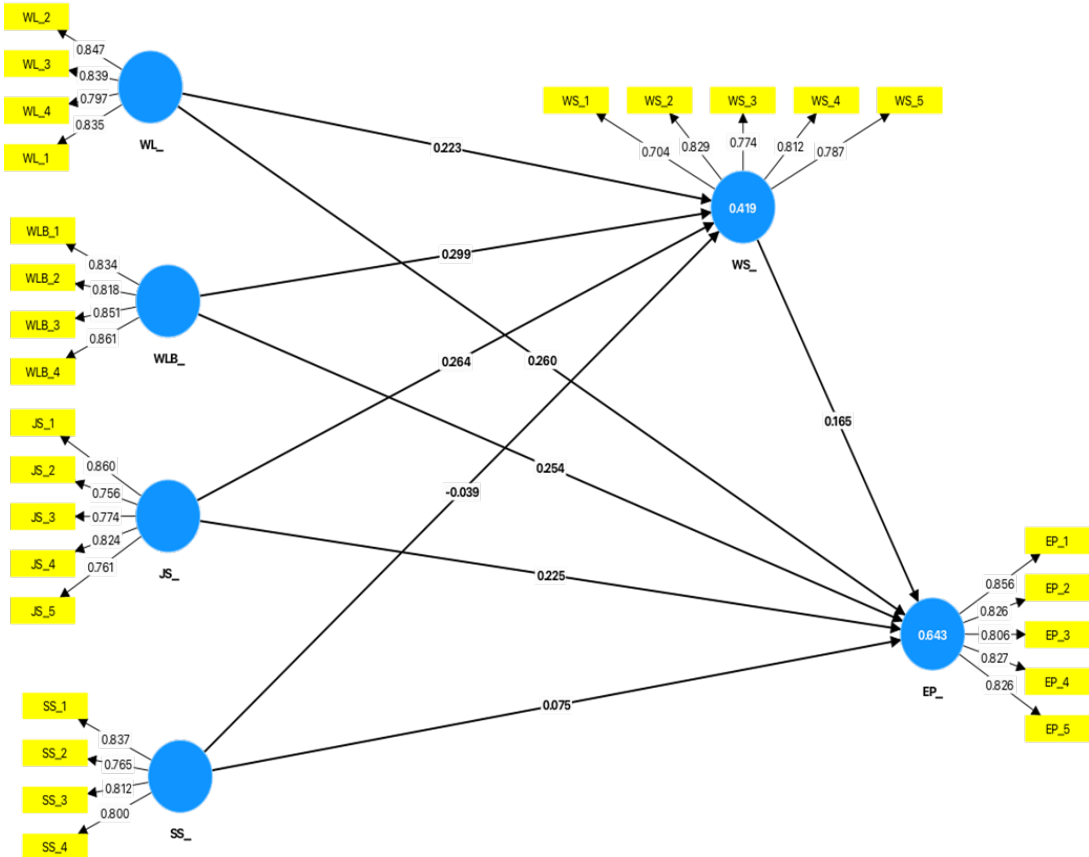*Graphical Representation of Direct and Indirect Relationship*

Table 8

Evaluation of the Structural Model of the Study

Structural Path	Beta (β)	Sample Mean	t-value	P-value	Empirical Decision
H1: WL-> EP	0.26	0.263	2.84	0.005	Supported
H2: WLB-> EP	0.254	0.256	2.306	0.021	Supported
H3: JS -> EP	0.225	0.224	3.266	0.001	Supported
H4: SS -> EP	0.075	0.076	1.266	0.205	Not supported
H5a: WL -> WS-> EP	0.037	0.035	2.137	0.033	Supported
H5b: WLB-> WS -> EP	0.049	0.047	2.243	0.025	Supported
H5c: JS -> WS -> EP	0.044	0.041	2.212	0.027	Supported
H5d: SS-> WS -> EP	-0.006	-0.006	0.547	0.585	Not supported

Note. Research Calculation, (2024)

As per Table 8, WL significantly impacts EP (i.e., β = 0.26, t = 2.84, p-value = 0.005), confirming H1. Similarly, H2 shows the significant impact of JS on EP (i.e., β = 0.225, t = 3.266, p-value = 0.01), confirming H2, and also H3 shows the significant impact of WLB (i.e., β = 0.254, t = 2.306, p-value = 0.021), confirming H3. In contrast, H4 was not supported (i.e., β = 0.075, t = 1.266, p-value = 0.205), which signifies that the relationship between SS and EP is not statistically significant. On the other hand, WL (β = 0.26) demonstrated the most substantial influence on workload on productivity among youth in the IT sector, followed closely by Work-Life Balance (β = 0.254) and Job Satisfaction (β = 0.225), highlighting these factors as key determinants in remote work preferences.

This study also examined the mediating effects of WS in the relationship between four predictor variables (WL, JS, WLB, and SS) and EP. The findings (see Table 5, Figure 2) revealed that H5a: WS significantly mediated the relationship of WL and EP (i.e., β = 0.037, t = 2.137, p-value = 0.033). Likewise, WS significantly mediated the relationship of JS and EP (i.e., β = 0.037, t = 2.137, p-value = 0.033, confirming H5b), furthermore WS also significantly mediated the relationship of WLB on EP (i.e., β = 0.049, t = 2.243, p-value = 0.025, confirming H5c). In contrast, the mediating effect in the relationship between SS and EP (H5d) was not supported (i.e., β = -0.006, t = 0.547, p-value = 0.585). Hence, the mediating effect of WS was established in three predictor variables (i.e., WL, JS, and WLB).

4.6. Participants Recommendations for Enhancing Remote Work Productivity (Open-ended Question)

Along with the quantitative analysis, qualitative responses were examined to gain insights into recommendations made by the respondents for improving their remote work experience and productivity. Of 271 respondents, 185 responded to the open-ended question, from which seven distinct themes emerged. Flexible work arrangement was a significant focus (i.e., 40 mentions),

enhanced communication was another crucial theme (i.e., 30 mentions), 35 participants echoed the need for social connectivity, and stress management also emerged as a significant concern (i.e. 30 respondents). This highlights the importance of flexibility in work arrangements, social connectivity, and effective communication as key strategies for enhancing remote work productivity. Likewise, stress management, feedback mechanisms, reliable technology access, and career development were other prominent themes highlighted by the respondents for fostering a supportive remote work environment, ultimately leading to increased productivity. Thus, organisations prioritising these key themes can create a more effective and satisfying remote work experience, ultimately leading to higher employee productivity and retention.

Table 9

Recommendations from Participants

Theme	Description	Number of Mentions
Flexible Work Arrangements	"Suggestions for flexible hours to balance personal and work commitments."	40
Social Connectivity	"Emphasis on team interactions to alleviate feelings of isolation."	35
Enhanced Communication	"Importance of regular communication for alignment and project updates."	30
Stress Management	"Need for resources and training on managing work stress effectively."	25
Feedback Mechanisms	"Importance of structured feedback for workload adjustments."	20
Career Development	"Desire for continuous learning and professional growth opportunities."	20
Technology Access	"Importance of having reliable technology and tools for remote work."	15

Note. Field Survey, (2024)

5. Discussions

The study's findings demonstrate a significant relationship between workload, work-life balance, and job satisfaction with employee productivity. The significant impact of WL on EP aligns with previous studies (Franken et al., 2021; Gould-Williams & Davies, 2005; Gong et al., 2010), allocation of time, and social exchange theories, demonstrating that effective workload management is crucial for maintaining high productivity levels for remote workers. In contrast, (Basit & Hassan, 2017 Lea et al., 2012; Gilboa et al., 2008) have revealed that a higher workload can lead to an increase in stress levels, a decrease in job satisfaction, and reduced productivity, demonstrating the necessity to strike a balance between task demands and employee capabilities.

Similarly, the significant association between work-life balance and employee productivity is supported by several empirical studies (Rahim et al., 2020; Abdirahman et al., 2018; Cegarra-Leiva et al., 2012), which highlight that achieving a balance between personal life and work demands can improve productivity. The findings also align with the lens of social exchange theory, which emphasises that employees are less prone to stress when they experience a healthy work-life balance, leading them to reciprocate with higher productivity and satisfaction (Komodromou, 2013). In addition, the significant association between Job satisfaction and employee productivity corroborates with the findings of previous studies (Mohammed, 2024; Ali & Anwar, 2021; McNeese-Smith, 1996), highlighting that satisfied employees exhibit more significant commitment and motivation, leading to improved performance. It also aligns with EDT, which holds that employees are more satisfied and productive when their expectation about their working conditions is met (Fen, 2024).

In this study, the association between social support and employee performance was not supported, which contrasts with several eminent previous findings that highlight the significant role of social support in enhancing productivity (Park et al., 2004). This contrasting result may be due to the unique context of a remote work environment, where physical isolation and reduced face-to-face interaction may reduce the impact of social support on employees' productivity. However, some studies have shown that social support can improve well-being but may not convert into enhanced performance without the right conditions, but stimulates indirectly through job satisfaction and work stress (Babin & Boles, 1996).

Furthermore, the mediating effect of work stress on the relationship between work load, work-life balance, and job satisfaction was established, which aligns with several previous studies (Aruldoss et al., 2021); Jessica et al., 2023), highlighting the detrimental impact of work stress on employee performance. The mediating effect of WS on the relationship between WS and EP is consistent with the JD-R theory, which holds that high job demands lead to increased stress and can adversely affect performance if not sufficiently balanced between job resources. Likewise, the mediating effect of WL on WLB and EP suggests that when employees experience positive work-life balance, they are less likely to exert high work stress, which reciprocates positively in their productivity, which aligns with previous findings of previous studies (Beauregard & Henry, 2009; Wood et al., 2020). Its findings contribute and align with the JD-R theory, highlighting the need to balance job demand and resources in commencing a productive work environment (Demerouti & Bakker, 2023). Likewise, the significant mediating effect of work stress on JS and EP emphasises that employees experiencing high satisfaction typically better manage work stress, thereby enhancing productivity. However, studies have critiqued this relationship, demonstrating that stress effects vary widely depending on individual factors and do not uniformly mediate all employees (Sonnentag & Frese, 2003). In contrast, the lack of a mediating role of WS in the relationship between SS and EP demonstrates that a gap in the effectiveness of social support may not be effective at boosting productivity in the remote work setting. Thus, it raises a crucial question about the subtleties of social support in remote settings, demonstrating that the mere presence of support may not be sufficient and must be effectively utilised to reduce stress and boost productivity.

6.   Conclusion and Implications

The study's primary objective was to examine the factors influencing the performance of young employees in the IT sector within the remote work context, with work stress as a mediating variable. Findings indicate that workload, work-life balance, and job satisfaction emerged as pivotal diversions of productivity. This indicates that productivity is sustained through task completion and balanced and satisfying work experiences that accommodate personal and professional needs. On the other hand, the mediating role of work stress demonstrates the importance of stress management in the contemporary work environment, where high demands can inhibit productivity, supporting the principles of the JD-R

model. Similarly, social support was not supported, suggesting that physical isolation, overworking, and burnout can dampen the impact on employee's productivity in virtual settings. This highlights employees' critical challenges during remote work settings and demands that organisations take proactive measures to overcome work isolation. To meet the needs of younger generations and remote-based employees, the organisation can focus on prioritising internal work factors, such as autonomy, empowerment, balanced workloads, and flexible work arrangements, which can lead to enhanced employee engagement and efficiency, ultimately benefiting both employees and the organisation.

Implications

- The findings enrich the scope of the intersection between remote work preference and productivity, thereby advancing the theoretical notion through which work stress is conceptualised in the remote work setting. It enriches the existing knowledge on remote work preferences and productivity by addressing the empirical gaps, especially among youth in the IT sector.

- The findings support established theories such as SET, EDT, and JD-R theory and suggest a necessity to adapt and expand these theories in remote work settings, especially for younger generations.

- Social support contrasts with the theories and findings of traditional workplace environments and demands a reevaluation of its role and effectiveness in remote contexts.

- Similarly, the significant mediating effect of work stress highlights that work stress can serve as a crucial buffer in the remote work setting.

- Organisations and managers in Nepal's public and private sectors are encouraged to design flexible work policies that can enhance their remote work experiences and integrate the needs and values of new generations.

- Allowing remote work for jobs that do not require physical presence might boost productivity, suggesting a potential shift towards hybrid work models.

- The insights from the mediating role of work stress highlight the importance of employee well-being initiatives focused on stress management, including ergonomic support for the home office, digital detox programs, and mental health resources.

- Policymakers and HR departments should commence a comprehensive guideline for addressing common issues like distraction and burnout, social connectivity, fostering effective communication, and enhancing team-building activities that support engaging remote work environments.

7. Limitations and Future Research

Despite its contribution, this study has several limitations. First, all the variables in the study have been evaluated using self-reported scales. Although a standard method variance test and full collinearity test were conducted, they still raise concerns about the reliance on self-reported data. Thus, it is suggested that further studies should replicate the model using multiple data collection methods. Since this study was conducted within the IT sector among youth in Kathmandu Valley, the study findings and the research model would gain a more extraordinary validation through further research across diverse industry sectors, generational cohorts, cultural contexts, and countries, thereby enhancing the researchers' confidence in the conclusion drawn. Although this study relied on a cross-sectional design, many researchers in behavioural science favour longitudinal design because it facilitates the establishment of causal relationships. This approach could generate a better comprehension of the most reliable predictors of employee productivity in remote work settings.

The findings of the current study suggest several avenues for future research. Future studies could expand this model by incorporating digital literacy as a moderating variable, influencing the relationship between remote work preference, work conditions, and productivity. Additionally, exploring the impact of psychological ownership as a mediator could provide more in-depth insights into employee

motivation and engagement in remote settings. Likewise, incorporating job crafting or employee engagement as a potential mediating variable in the remote work setting could provide valuable context for the findings.

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Appendix

Table A1

Socio-Demographic Profile

Demographic Variables	Category	Frequency	Percentage (%)
Gender	Male	121	44.65
	Female	150	55.35
Age in years	20-30	190	70.11
	31-40	67	24.72
	41 and above	14	5.167
Education Level	Bachelor's	107	39.49
	Master's and above	151	55.71
	Other	13	4.80
Position	Entry- Level	15	5.55
	Assistant	77	28.41
	Officer	136	50.18
	Manager and above	43	15.86
Years of Experience	1- 5 years	228	84.13
	Above 5 years	43	15.86

Note: Survey Data (2024)