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Psychological Well-Being and Employee Performance in IT Organizations: The Mediating Role of Workplace Stress and Anxiety

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ABSTRACT

Information Technology (IT) is a field that has been changing quickly and is now driven by tight deadlines, constant change in the technology, intense competition, and higher expectations of performance. Such situations promote innovation and revenue growth in organizations; however, they also increase workplace stress and anxiety for employees. As a result, the significance of psychological well-being as a key factor in employee effectiveness and organisational success is being increasingly acknowledged within the organisations. This research investigates psychological well-being and employee performance in information and technology companies and the mediation of workplace stress and workplace anxiety. Based on the Job Demands–Resources Theory (JDR) and Conservation of Resources Theory, the study assumes that employees with higher psychological well-being are more likely to cope with the demands of their jobs and consequently are less likely to experience stress and anxiety, and more likely to have better job performance. On the other hand, low psychological wellness can exacerbate stress and anxiety, which can result in decreased productivity, decreased engagement, and decreased work performance. The offered framework emphasizes direct as well as indirect pathways between psychological well-being and employee performance. The study makes a contribution to the literature of organizational behavior and human resource management by adding mental health variables to employee's performance models in the context of IT organizations. Additionally, the results offer managers and policymakers practical recommendations for increasing employee productivity through well-being programs, stress management initiatives, and mental health programs. The study highlights the importance of creating psychologically healthy working environments to ensure productivity and competitiveness of jobs in the Digital Age.

Keywords: Psychological Well-Being, Employee Performance, Workplace Stress, Workplace Anxiety, IT Organizations, Employee Mental Health

1. Introduction

Information Technology (IT) is one of the most dynamic and influential sectors in the world economy. The nature of work in IT organizations has changed dramatically with new technological advances, digital transformation initiatives, artificial intelligence, cloud computing, cybersecurity requirements and customer expectations. Workers in this field often work in intensely competitive settings with stressful hours, challenging and complex assignments, ever-changing learning needs, and performance expectations. While fostering innovation and career advancement, these situations also present significant psychological stressors that could impact employee wellbeing and performance.

As psychological well-being is the domain that includes emotional, cognitive and social functioning of individuals, it is an important area of research in the field of organizations. Ryff (1989) says psychological well-being is a representation of positive psychological functioning including self-acceptance, autonomy, environmental mastery, personal growth, purpose in life and positive relationships. Psychologically well employees are more resilient, adaptable, motivated and have a positive attitude to their job. In the contemporary workplace, and especially in knowledge-based sectors like the IT industry, psychological wellbeing is now being seen as a valuable resource to the organization to enhance productivity, innovation and sustainable performance.

Stress in the workplace is increasing and is an issue that has caught the attention of organizations all over the world. Workplace stress is the physical and emotional reaction that could be experienced when job

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demands are greater than an individual's capabilities and resources (Lazarus & Folkman, 1984). In IT organisations stress can come from overloading, time pressures on projects, lack of clarity about their role, uncertainty about technology, long hours and constant 'always on' using digital devices. Stress can help keep employees on track to meet performance standards, but high levels of stress over extended periods of time can cause fatigue, burnout, lack of focus and poor job performance. It has been shown that enduring stress in the workplace can have a detrimental impact on the well-being of individuals and organizations (Cooper et al., 2020).

Workplace anxiety has become a major psychological problem for workers in technology-driven workplaces, in addition to stress. Workplace anxiety is defined as nervousness, apprehension and worry about work related situations (McCarthy et al., 2016). Anxiety can be caused by worries about performance reviews, job security, technological changes, workplace reorganization, or interpersonal conflicts at work. The fast pace of technological innovation and the growing automation of the IT industry have made employees more aware of their skills' irrelevance and their prospects for the future. Chronic stress in the workplace can lead to diminished decision making skills, limited creativity, poor teamwork and a diminished effectiveness in a given job.

Performance is still a key success measure for the organization, and employees are one of the most critical factors in determining performance. Performance is the degree of accomplishment in performing the job and making contribution to the organization (Campbell, 1990). Good performance can lead to efficiency, innovation, commitment and quality, while poor performance can lead to lower levels of organizational productivity and competitiveness. As IT work is knowledge-based, employee performance relies not only on the technical skills they have acquired, but also on certain psychological and emotional factors affecting their motivation, concentration, as well as adaptability.

The connection between psychological well-being and employee performance has been highlighted in recent studies. Psychologically positive employees are more likely to be more engaged, committed, creative, and productive (Robertson et al., 2015). Psychological well-being helps people to handle the demands of the workplace in an effective way. The happier staff are more likely to have a positive attitude towards stress, bounce back from failures and stress more effectively, and perform better when under stress. As a result, companies that prioritize staff wellness programs have been seeing better staffing results and higher organization efficiency.

Although there has been a greater awareness of the importance of employee well-being, the ways in which the psychological well-being of employees can affect employee performance are not yet well understood. Workplace stress and anxiety can be important mediating variables which explain how psychological well-being affects performance outcomes in particular. A strong psychological health and wellbeing can make it easier for employees to manage the demands of work, reducing anxiety and stress. This less stress and anxiety, in turn, helps them to concentrate, solve problems, work with others, and perform. In turn, a lack of psychological wellbeing can exacerbate stress and anxiety and impact negatively on performance.

The IT industry is a unique context for discussing these relationships, as employees are often faced with demanding work requirements, fast changing technology and high expectations for performance. COVID-19 has driven the spread of remote and hybrid work arrangements, further blurring the lines between work and personal life, leading to further psychological pressures. Thus, the interaction between psychological wellbeing and work stress, workplace anxiety, and employee performance has become a topical issue for organisations aiming to keep their staff healthy and productive.

The current study aims to fill this research gap by developing a holistic model that examines the direct link between psychological well-being and employees' performance and the mediation of workplace stress and workplace anxiety. The study advances the field of organizational behavior by combining two positive psychology concepts: psychological resources and psychological states. Moreover, it has implications for human resource management practitioners, managers, and policymakers who seek to create interventions that will improve employee well-being and organizational performance.

In conclusion, promoting psychological health and well-being is no longer just a matter of employee welfare; it's a strategic priority for organizational sustainability and competitiveness. IT organizations can better support employee mental health, minimize psychological strain, and maximize performance in today's challenging business environment by understanding how workplace stress and anxiety affect the

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well-being–performance relationship and by using evidence-based strategies.

2. Literature Review

2.1 Psychological Well-Being

Psychological well-being (PWB) is defined as the overall positive psychological functioning and is measured by how much an individual experiences purpose, personal growth, self-acceptance, autonomy, environmental mastery and positive interpersonal relationships (Ryff, 1989). Psychological well-being is of particular relevance in the organizational context because many hours of the working day are spent in the workplace, and working life experiences greatly impact mental and emotional health. In modern organization, especially in the knowledge based industry like Information Technology (IT) organization, psychological well-being is regarded as strategic resource which can be utilized to produce their employees effective, sustainable in the organization and competitive advantage.

Psychological well-being is not just the absence of mental illness, but about positive mental states that allow people to flourish in personal and professional settings. Keyes (2007) found flourishing employees are emotionally resilient, optimistic and socially functioning, which have positive workplace implications. When employees possess positive psychological well-being, they are more likely to possess a sense of confidence in their ability to deal with workplace difficulties and to be able to adjust to new workplace contexts.

Positive relationships have been consistently found between psychological well-being and a number of work-related outcomes. Robertson et al. (2015) noted that psychologically healthy employees have higher levels of engagement, motivation, and productivity. Likewise, Donald et al. (2022) stated that individuals who perceive positive psychological well-being tend to exhibit positive behaviors such as proactivity, organizational commitment, and job satisfaction. These people are more likely to be able to handle the pressure and work demands, and to perform well consistently.

In the IT sector, mental health is especially important as workers often face technological changes, project demands, ongoing educational needs, and high performance expectations within their work environment. Digital technologies and remote working has also further exacerbated the demand on psychological resilience and emotional stability. Research suggests that psychologically healthy workers are less likely to be hindered by technology-driven workplaces and continue to be innovative, collaborative, and productive (Sharma & Singh, 2023).

More recent studies also highlight the importance of the organizational support in fostering psychological well-being. Human resources include flexible working hours, employee assistance programs, wellness programs, supportive leadership and other factors that play a significant role in the mental health of employees (Bakker & Demerouti, 2017). Those that care about employee wellness provide environments that encourage engagement, creativity and sustained performance. Thus, people's psychological well-being has become a key element of the success of today's organizations.

2.2 Workplace Stress

For the purposes of this discussion, stress in the workplace is defined as the negative psychological and physiological responses that result from the employee's perceived imbalance between job demands and his/her capacity to respond to those demands (Lazarus & Folkman, 1984). Stress, in and of itself, can be a motivating factor to meet performance standards, but too much stress and/or too long can produce negative outcomes for both employees and organizations.

With a fast changing technology, increasing competition, globalization and rising expectations of performance in the workplace, the modern world place has become more and more stressful. Some of the most typical stressors in an IT organization are high workload, project deadlines, job ambiguity, technological uncertainty, and longer work hours. These conditions can cause significant stress and affect the health and productivity of workers.

Bakker and Demerouti (2017) suggest that workplace stress is a consequence of a lack of balance between job demands and resources, as represented in the Job Demands–Resources (JD-R) model. Stresses from work, emotional stress and time pressure can drain employees' physical and psychological resources and lead to exhaustion and burnout. On the other hand, organizational characteristics (supervisory support, autonomy and opportunity for skill development) facilitate employees' coping with demands of the workplace.

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There are many studies that have shown how stressful work environments can impact employee outcomes. Cooper et al., (2020) stated that chronic stress can lead to emotional exhaustion, absenteeism, decrease job satisfaction, and decrease productivity. Likewise, Ganster and Rosen (2018) revealed how long term stress impacts on cognitive functioning, decision making and interpersonal relationships in the workplace. When an employee's stress level is high, he or she may find it difficult to focus and achieve steady output.

Given the dynamic and demanding nature of the IT industry, workplace stress is especially prevalent in this sector. Enormous technological changes are occurring and employees must stay up to date with their knowledge and skills. In addition, project-based work routines have fixed time frames and irregular workloads. Technostress is a new concept in the field of research which was introduced by Tarafdar et al. (2019) as stress caused by overuse of technology and technological complexity. Technostress has become more common among IT professionals, and also has a significant impact on their mental health and job performance.

To meet these challenges, the organizations are increasingly introducing stress management programs. A variety of employee wellness programs, mindfulness training, flexible scheduling, and supportive leadership practices have proven successful in lowering workplace stress and enhancing employee outcomes (Richardson & Rothstein, 2008). Hence, the understanding of the relationship between stress and employee performance in the workplace remains a very important aspect in understanding employee well-being.

2.3 Workplace Anxiety

A workplace anxiety is a feeling of tension, nervousness, apprehension or worry about work-related situations or expected events at work (McCarthy et al., 2016). While stress may come from an external situation, anxiety is largely psychological responses of fear, uncertainty, and expectation of negative events. With the rise of new working situations, technological disruptions, economic uncertainty, and greater expectations for performance in today's world, anxiety has become more prevalent in companies. Workers can be worried about job security, performance ratings, organizational change, interpersonal conflict, or career development. In technology-driven industries, the quick pace of AI and automation has led to worries about job security and the relevance of their skills.

Studies show anxiety in the workplace is a major problem for the functioning of workers. Cheng and McCarthy (2018) identified that anxiety can negatively impact on cognitive performance, attention and decision-making quality. The mental energy spent worrying and rumination can be significant among employees who suffer from anxiety, leaving fewer resources to focus on getting work done and engaging in problem solving tasks. This can lead to reduced productivity and work quality in the workplace.

Technological uncertainty and ongoing learning requirements in IT companies are common sources of anxiety within IT organizations. The staff should be quick to learn new technologies and perform well. Not keeping up with technologies may lead to concerns that this could mean job loss or becoming outdated. Further, competitive organisational culture and frequent performance evaluations can exacerbate employee anxiety.

In the recent years, the connection between anxiety at work and mental health outcomes has become a focus. Tziner et al. (2021) found that steady state of workplace anxiety is associated with emotional exhaustion, job satisfaction and turnover intention. When employees have high anxiety levels, they are more likely to be absent from the organization and show low engagement and commitment.

To help curb workplace anxiety, organizations should work to create a more supportive workplace through communication, psychological safety, and employee development opportunities. Organic leadership styles, which foster trust, transparency and feedback, have been proven to reduce feelings of anxiety and increase employee wellness (Edmondson, 2019). Workplace anxiety therefore is a significant psychological phenomenon that can have an impact on employee performance.

2.4 Employee Performance

Performance is a multi-dimensional phenomenon defined as the productivity and/or efficiency of output in the various aspects of an employee's performance to accomplish organizational goals and/or job tasks (Campbell, 1990). Performance encompasses the activities and behavioural traits that are associated with a task and that, together, contribute to the success of the organisation in terms of the context, innovation, collaboration and adaptability.

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Employee performance is becoming an asset for organisations as the productivity of the employees has a direct impact on the competitiveness, profitability and sustainability of the organisation. Efficient execution of tasks, creative problem-solving, and positive workplace behaviors are key ways that high-performing employees help to grow the organization. Thus, factors that boost or are detrimental to performance are a key issue in organizational research.

There are many individual, organizational and environmental influences on the performance of employees. These are, traditionally, knowledge, skills, abilities, motivation as well as organizational support. But more current research has started to identify the significant role psychological factors like well-being, resilience, engagement and mental health play in determining performance outcomes (Sonnentag, 2018).

The positive correlation between psychological well-being and employee performance has been consistently shown. Positive emotions lead to an increase in creativity, persistence, and effective decision making by employees. Positive psychological functioning increases cognitive flexibility, which allows staff to adjust to new working contexts and to better address difficulties (Fredrickson, 2001).

In the information technology industry, the performance of employees is largely reliant on their intellectual abilities, innovation and collaboration. Often technology professionals are involved in complex problem solving tasks which involve a high degree of focus and creativity. These capabilities can be severely affected by psychological distress, stress and anxiety and reduce their effectiveness in performance. Hence, it is crucial to pay attention to the mental well-being of employees to ensure high levels of productivity in tech-driven companies.

New data has emerged that an organization's commitment to employee well-being is linked to better performance results. Psychological health promotion in the workplace has been linked to increased productivity, reduced absenteeism, improved engagement and increased organizational commitment (Grawitch et al., 2015). These observations highlight the key role of employee well-being in achieving organizational success.

The relationship between psychological well-being and workplace stress, workplace anxiety and employee performance is shown.

The link between psychological well-being and the work performance of employees has been a major field of study. The current literature indicates that the psychological welfare can have a positive impact on the work performance of employees in several ways psychologically and behaviorally. High levels of well-being allow employees to be emotionally stable, resilient and able to cope with the challenges that are thrown their way, allowing them to perform well.

Lower levels of workplace stress are also linked to psychological well-being. People who have positive psychological resources will be more likely to view challenging situations as manageable instead of threatening. As such, they have reduced stress levels and exhibit more healthy coping mechanisms (Bakker & Demerouti, 2017). Low stress helps staff to focus, have energy, and stay motivated for optimum performance.

Likewise, mental health seems to lessen anxiety in the work environment by promoting confidence, optimism, and emotional control. A person who is psychologically healthy will not be likely to worry or fear too much about things at work. Overall, a reduction in anxiety leads to better focus, decision making and teamwork, and therefore better performance on the job. (McCarthy et al., 2016).

Empirical studies also suggest that stress and anxiety in workplace have a detrimental effect on job performance. Stress and anxiety take up mental and emotional energy that is otherwise needed for beneficial work tasks. Psychological strain can result in decreased efficiency, creativity, and effectiveness in completing tasks (Cooper et al., 2020).

All this together indicates that workplace stress and workplace anxiety might serve as important mediators between psychological well-being and employee performance. Psychological well-being can not only improve performance directly, but also indirectly by decreasing stress and anxiety. Knowing about these mediating pathways is especially relevant in IT organizations where demanding work conditions often pose a threat to the employee's mental health and performance ability. This explains that the current study has put forward a model in which psychological well-being has a positive impact on employee performance through the decrease of workplace stress, workplace anxiety.

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3. Theoretical Foundation

3.1 Job Demands–Resources (JD-R) Theory

Bakker and Demerouti (2007) created the Job Demands–Resources (JD-R) Theory, which offers a complete model of the ways in which well-being and performance are shaped in organizational contexts. According to the theory, each job has its own job demands and job resources which affect employee attitudes, behaviours and performance results. Job demands are those aspects of work that require investment of effort and involve physiological and psychological costs and include physical, psychological, social or organizational aspects. They can be things such as too much workload, time pressure, role ambiguity, emotional demands, and technological complexity. On the other hand, job resources are the characteristics of the job that help the employee to accomplish the work tasks, lower the required job demands and promote the employee's personal growth and development.

The JD-R theory says that if there are too many demands, but not enough resources, strain, stress, burnout and lower performance will result. In IT organizations, high job demands can often be found as technology changes rapidly, projects need to be finished in time, and work hours are long and performance under pressure. These needs can cause stress and anxiety in the work place, which can then hinder employees' effectiveness. But, when workers have good psychological well-being, they are a valuable personal resource that helps them deal more effectively with the challenges of the workplace. Emotional and psychological health contributes to resilience, positivity, adaptability and emotional management, thus decreasing the negative effects of job demands.

JD-R theory is a motivational process where employees with sufficient resources are more likely to be engaged, motivated, and perform well. Psychological wellness is a psychological asset that enhances employee's coping with stress associated with their workplace. Therefore, it is suggested that psychological well-being can be beneficial in order to lower stress and anxiety in the workplace and improve employee performance. This present study aims to answer the question of how psychological well-being can help IT employees work through challenging work environments to achieve better performance outcomes and is based on the JD-R theory.

3.2 Conservation of Resources (COR) Theory:

Employee well-being and performance can also be understood from the lens of Conservation of Resources (COR) Theory introduced by Hobfoll (1989). According to COR theory people are trying to gain, maintain and defend resources of value. These can be personal attributes, psychological states, social support, knowledge, skill or material possessions. Stress is when people feel like something is being taken away from them; when resources are actually taken away from them; or when they do not get what they expected from them despite investing a lot.

Psychological well-being is an important personal asset in the organizational context, which will equip an individual to handle the demands of the workplace. Those who have higher levels of psychological wellbeing tend to be emotionally stable, confident, resilient and effective at coping with difficult situations. Resources for coping with challenges in the workplace without causing undue psychological stress. On the other hand, those who have limited psychological resources become more susceptible to stress, anxiety, emotional exhaustion and reduced performance.

According to COR theory, positive spirals of resource gains lead to better functioning and better outcomes for the organization. Psychological well-being directly influences employees to save cognitive and emotional resources, which helps them focus on work activities that are productive. Less stress means less anxiety, which means more focus, creativity and effort can be put into job responsibilities. Consequently, the performance of the employees is enhanced.

The theory also accounts for the way in which stress and anxiety have a negative impact on performance in the workplace. Factors such as stress and anxiety drain psychological resources, forcing the worker to focus on the stress rather than the job at hand, and impairing the ability to take good decisions and solve problems. As time goes on, resources can become exhausted, resulting in burnout, disengagement, and reduced productivity. Hence, COR theory can be used to explain that workplace stress and workplace anxiety play a mediator role between psychological well-being and employee performance.

The two theories (JD-R Theory and COR Theory) form a good groundwork for the proposed framework. Both theories indicate that psychological well being is an important resource which diminishes

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psychological strain and facilitates effectiveness in challenging organizational contexts.

4. Conceptual Framework and Hypotheses Development

4.1 Conceptual Framework

The proposed conceptual model shows the impact of Psychological Well-Being (PWB) on Employee Performance (EP) in IT organization. Psychological well-being is conceptualized within the framework as a set of mediators—Workplace Stress (WS) and Workplace Anxiety (WA)—which clarify the mechanisms by which psychological well-being can affect employee performance.

Based on the model, it is assumed that the employees who have a higher psychological well-being, have more psychological resources and through these resources, they can cope with demands at the workplace. As a result, they have reduced workplace stress levels and workplace anxiety. Decreased stress and anxiety leads to improved focus, engagement, productivity and performance. So, the psychological well-being has direct and indirect link with the performance of employees which is through workplace stress and workplace anxiety.

4.2 Psychological Well-Being and Employee Performance

Psychological well-being can positively affect employee effectiveness both by increasing emotional stability and resilience as well as by increasing optimism and motivation. People who are psychologically healthy are more likely to stay on, be productive, and feel good about the work that they do. Emotions, in their positive state, enhance the flexibility of thinking and promote effective problem-solving and decision-making. According to Fredrickson's (2001) Broaden-and-Build Theory, positive psychological experiences expand individuals' thought-action repertoires and enhance long-term personal resources.

There are several empirical studies that suggest that there is a positive correlation between psychological well-being and employee performance. Robertson et al (2015) indicated that the higher the level of wellbeing an employee has, the better their productivity and engagement will be. In a similar vein, Donald et al. (2022) indicated that psychological well-being is a strong predictor of effectiveness in a variety of work roles. In IT departments, where workers often have to perform challenging tasks and meet tight deadlines, psychological health could be particularly relevant for maintaining high productivity levels.

H_1: Psychological Well-Being has a positive impact on Employee Performance.

4.3 Psychological Well-Being and Workplace Stress

Psychological health improves an individual's ability to handle stress at work, which decreases the amount of stress perceived. Those workers who have high psychological well-being have emotional regulation skills and tend to perceive work demands as manageable as opposed to threatening. These workers are often the ones who have adaptive coping styles that offset the negative impact of stress in the workplace.

There is evidence that psychological wellbeing is negatively related to occupational stress. Bakker and Demerouti (2017) state that positive psychological resources are buffer for the effects of demanding work conditions. Higher levels of well-being is associated with a decreased likelihood of experiencing emotional exhaustion and stress-related outcomes among employees. Psychological well-being is a buffer to stress in IT organizations with high workloads and technological uncertainties.

H_2: Psychological Well-Being has a negative effect on Workplace Stress.

4.4 Psychological Well-being and Workplace Anxiety

Psychological well-being is the root to emotional stability and self-confidence which in turn minimizes employees' vulnerability to anxiety related experiences. People who have positive psychological functioning tend to be more optimistic and not worry too much about what happens in the workplace. As a result, they have reduced workplace levels of anxiety.

Evidence suggests that psychological well-being has a significant impact on decreasing anxiety symptoms in occupational settings. Those who are well mentally are better able to cope with uncertainty and performance pressures. In technology-rich workplaces, psychological well-being might help to reduce anxiety related to technological change, concerns about successful transfer of skills and job insecurity.

***H_3: Psychological Well-Being has a negative effect on Workplace Anxiety*.**

4.5 Workplace Stress and Employee Performance

Stress at work is a drain on cognitive, emotional and physical resources that are needed to perform well. Too much stress hinders concentration, decision making, creativity and interpersonal functioning. Chronic stress can make it difficult to be productive and produce high quality work.

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Consistent with this, previous studies have found a negative relationship between workplace stress and employee performance. According to Cooper et al. (2020) long-term stress in the workplace had a significant impact on the effectiveness of working employees and the productivity of the organization. Stress in IT organizations can stem from project timelines, workload pressures, and technological complexity, potentially impacting employee performance.

H_4: Workplace Stress negatively influences Personal Development

4.6 Anxiety in the workplace and its effect on employee performance

Anxiety in the workplace has a negative impact on employee functioning, leading to increased worry, apprehension and emotional strain. When a person is anxious, focus is taken away from completing a task and into the anxiety. Anxious staff can exhibit decreased efficiency, a diminished ability to make decisions, and decreased confidence.

According to McCarthy et al. (2016) and Cheng and McCarthy (2018) workplace anxiety is a significant factor that can cause a decrease in job performance and engagement at work. Performance expectations and uncertainty about technology can negatively impact employee effectiveness in IT organizations, and cause anxiety.

H_5: Workplace Anxiety has a negative impact on Employee Performance.

4.7 Mediating role of workplace stress

Stress at work can be a significant part of the pathway by which psychological wellbeing impacts on employee performance. Those who have good psychological health are less likely to believe that the demands of the workplace are overwhelming and hence less likely to feel stressed. This stress reduction then allows employees to stay focused, motivated and productive.

Overall, the JD-R and COR theories imply that psychological wellbeing could prevent the depletion of resources and thus enhance the performance outcomes. Thus, a mediated link between psychological well-being and employee performance via workplace stress is expected.

H_6: Psychological Well-Being is related to Employee Performance through the mediation of Workplace Stress.

4.8 The Mediating Effect of Anxiety in the Workplace

It has also been suggested that the way the psychological well-being becomes translated to better performance could be due to a workplace anxiety. When employees are more psychologically well, they are better able to handle emotions and are more confident, which decreases anxiety in the workplace. Reducing anxiety promotes clarity of thought, decision making and work performance.

Previous studies have shown that anxiety is an important psychological mechanism between employee well-being and workplace outcomes. Hence, it is assumed that workplace anxiety will act as a mediator between psychological well-being and employee performance.

H_7: Workplace Anxiety is a mediator variable between the Psychological Well-Being and Employee Performance.

5. Research Methodology

The design of this study is quantitative research with cross sectional and explanatory type that aims at determining the effect of Psychological Well-Being on Employee Performance mediated by Workplace Stress and Workplace Anxiety for employees working in IT organizations. A structured questionnaire will be used to collect the primary data from selected organizations with IT professionals.

Convenience and purposive sampling techniques will be used in collecting the data from IT workers who have a minimum of one year work experience. The proposed sample size is 400 respondents which is adequate for Structural Equation Modeling (SEM).

The study includes four constructs namely Psychological Well-Being (Independent Variable), Workplace Stress (Mediator 1), Workplace Anxiety (Mediator 2) and Employee Performance (Dependent Variable). All measurement items will be adapted from scales that have been previously validated and will be measured on a five point Likert scale (1 = Strongly Disagree and 5 = Strongly Agree).

SPSS and AMOS/SmartPLS will be used to analyse the data. Respondent characteristics will be summarized with descriptive statistics. Cronbach's Alpha and Composite Reliability (CR) will be used to check the reliability and Average Variance Extracted (AVE), Fornell-Larcker Criterion, and HTMT ratio will be used to

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check the validity. Direct and indirect relationships will be tested using the method of Structural Equation Modeling. The mediation effects will be assessed using bootstrapping method.

6. Analysis of results and data.

Data screening procedures will be undertaken prior to analysis, such as missing value treatment, outlier detection and normality assessment. Parameters of the constructs and the description of the respondents will be summarized using descriptive statistics.

Cronbach's Alpha and Composite Reliability will be computed to test the reliability of the analysis, where a score of > 0.70 will be considered as acceptable internal consistency. The convergent validity will be assessed based on the value of AVE greater than 0.50 while the value of HTMT less than 0.85 will be used to assess the discriminant validity.

Confirmatory Factor Analysis (CFA) will be done to validate the measurement model. Indices like Chi-square/df, CFI, TLI, GFI, RMSEA, and SRMR will be used to evaluate the model fit. An acceptable model fit suggests that the observed data are well represented by the measurement model.

The proposed hypotheses will then be tested using a statistical technique called 'Structural Equation Modeling (SEM)'. The direct relationships between Psychological Well-Being, Workplace Stress, Workplace Anxiety and Employee Performance will be considered. Bootstrapping with 5,000 resamples will be used to assess mediation effects.

The existence of a significant negative relationship between Psychological Well-Being and Workplace Stress as well as a significant positive relationship between Psychological Well-Being and Employee Performance would support the proposed model. Mediating roles of Workplace Stress and Workplace Anxiety would be confirmed by significant indirect effects.

7. Discussion

The proposed study posits that psychological well-being is an important factor that could affect employee performance in IT organizations. Staff with higher psychological well-being levels are expected to exhibit higher levels of resilience, emotional regulation and adaptability to challenging work situations.

The results are likely to indicate that anxiety in the workplace and stress in the workplace are detrimental to employee performance. High levels of stress and anxiety can cause poor concentration, poor decision making, loss of productivity and lower effectiveness of employees. On the other hand, psychologically healthy employees have more ability to deal with the challenges they face in the workplace and have higher work performance.

The mediating effects of workplace stress and anxiety help to explain how psychological well-being relates to performance. The results would have implications for both JD-R Theory and COR Theory and would suggest that psychological well-being is not only an important personal resource to protect employees from psychological strain but is also associated with positive work outcomes.

8. Managerial Implications

The results of this study provide evidence of the critical role of psychological well-being as a strategic organizational resource in IT organizations. Employers, particularly HR managers, should create a holistic well-being plan to help staff maintain their mental health, including counselling services, wellness programmes, stress management workshops and employee assistance programmes. These types of interventions can enhance employees' psychological resources and workplace outcomes.

Workplace stress reduction is also important, with organizations promoting realistic workloads, flexible working options, supportive management styles and good work-life balance practices. Stress in the workplace has a detrimental impact on performance, and workplace stress management programs can play a major role in improving employee productivity and organizational effectiveness.

Likewise, managers should take action to reduce anxiety at work by creating a psychological safe work environment, with open communication, transparency, trust, and a flow of learning opportunities. These uncertainties can be brought under control by regular training and skill-development programs which can help the employees to cope up with the changes in technology and minimize uncertainty related anxiety.

In conclusion, organisations that prioritise employee psychological wellbeing are likely to see improved employee engagement, productivity, retention and overall organisational performance.

9. Conclusion

Information technology (IT) is a dynamic and demanding industry where workers often face technological

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complexity, performance pressures, tight deadlines, and constant organizational change. These conditions have a great impact on the attitudes and behaviour of the workers and thus their performance. Knowledge workers are becoming vital to organizations to gain competitive advantage; so factors that improve employee performance are increasingly becoming a managerial and academic interest.

This study aimed to explore the mediating effects of workplace stress and workplace anxiety between psychological well-being and employee performance. The study built on the Job Demands–Resources Theory and the Conservation of Resources Theory to suggest that psychological well-being is a valuable personal resource which can help employees better cope with the demands of the workplace. It is assumed that those who are psychologically well will have a lower level of stress and anxiety at work and consequently, more positive job performance.

The proposed conceptual model in the present study reveals that psychological well-being directly and indirectly affects on the performance of the employees. Workplace stress and workplace anxiety are important psychological mechanisms by which well-being influences workplace outcomes. Having adequate psychological resources gives employees the ability to adapt to situations, stay emotionally stable and productive. On the other hand, high levels of stress and anxiety can use precious psychological resources, hinder cognitive performance, and decrease effectiveness of performance.

The study adds to the literature on employee well-being, by combining both positive psychological resources and negative psychological states in a single explanatory framework. It is an extension of the previous studies on organizational behavior that have been conducted and shows how psychological well-being, through workplace stress reduction and workplace anxiety reduction, has an impact on employee performance, especially in IT organizations.

Pragmatically, the study emphasizes the need to think of employee mental health as not just a welfare concern, but one of strategic organizational concern. The supportive workplace culture, employee wellness programs, flexible job policies and employee development opportunities are essential components of the workplace that foster a healthy, resilient and high-performing workforce. These can help create better productivity, lower turnover intentions, better employee engagement, and long-term success for an organization.

Finally, psychological health and wellness is an important base for being an effective employee in contemporary IT workplaces. This can help reduce stress and anxiety in the workplace, freeing up employees' potential and fostering workplaces that enable employee growth and organizational success.

10. Future Research Directions

Further research could be conducted to add more mediating variables such as employee engagement, resilience, burnout, job satisfaction and organizational commitment. The variables might help to better understand the psychological mechanisms between well-being and performance.

Moderating variables, like work-life balance, organization culture, leadership style and emotional intelligence, might also be explored in the research. These may help or hinder the psychological well-being and workplace stress/performance/anxiety relationship.

Future research is suggested to examine the causal relationships between the constructs in longitudinal studies, so as to see how well-being among employees can be observed in the course of time. Future research could provide additional comparative cross-industry analyses to test for the potential differences in the proposed relationships in various industries, including healthcare, education, manufacturing and financial services.

Lastly, recent developments in the working world, like AI, hybrid working patterns, digital surveillance and algorithmic management, offer potential for future research into psychological well-being and performance of employees in technology-driven organisations.

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