Psychological empowerment was defined from the perspective of individual employees which was characterized by a sense of perceived control, perceptions of competence, and internalization of the goals and objectives of the organization (Menon, S.T 1999) [9]. Psychological empowerment is a multifaceted construct reflecting the different dimensions of being psychologically enabled, and is conceived of personal control, a proactive approach to life, and a critical understanding of the socio-political environment, which is rooted firmly in a social action framework. The role played by the software industry in the contemporary world aroused the need for understanding the relationship between job stress, psychological empowerment and job satisfaction with special reference to software industry. The tool for the study was a questionnaire comprising of twelve items on psychological empowerment, fifteen items on job stress and twenty items on job satisfaction on a five point scaling ranging from strongly agree (5) to strongly disagree (1). Data was collected from a sample of 64 respondents from four software companies in Coimbatore. Being satisfied with the reliability of the research instrument the researcher carried out parson T-test, ANOVA, and regression to understand the relationship between Job stress, psychological empowerment and job satisfaction.