Structural empowerment and organisational performance: the mediating

role of employees' well-being in Spanish local governments

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ABSTRACT

We extend the 'black box' picture of public management and the 'balanced view' of HRM literature to explore, in the public context, the impact of structural empowerment on organisational performance and the mediating role of three employee outcomes: job satisfaction and affective commitment as attitudinal variables related to eudaimonic well-being, and job anxiety as an employee health variable related to hedonic well-being. Using multilevel methodology on a sample of 103 local authorities, results show that structural empowerment is positively associated with organisational performance, both directly and indirectly, via employee health. This evidence supports the mutual gains perspective, but not as intensely as expected (empowerment does not affect attitudinal variables) and differently to the traditional perspective, since empowerment contributes to reduce job anxiety in Spanish local governments.

Keywords: structural empowerment, employee well-being outcomes, organisational performance, Spain, public administration, multilevel.

INTRODUCTION

Controversy has arisen in the past decade over the effect of human resource management (HRM) on organisational performance and employee well-being, corresponding to two different perspectives: mutual gains and conflicting outcomes (*e.g.* Van De Voorde *et al.*, 2016). On one hand, the dominant mutual gains perspective states that HRM is beneficial for both organisational performance and employee well-being. It holds that implementing HRM practices for employees has benefits for them, which therefore also enhances organisational performance. On the other hand, the conflicting outcomes perspective holds that HRM has positive effects for organisational results, but has no effect on employee well-being or may even have a negative outcome. In this context, balanced studies presenting arguments and empirical evidence taking into account both perspectives can help to unravel the complexity of the HRM-performance link (*e.g.* Ramsay *et al.*, 2000).

Since different HRM practices can be associated with different employee and organisational outcomes (Jiang *et al.*, 2012), sub-dimensions of HRM or specific HRM practices, such as empowerment-aimed practices, must be examined to understand such relationships (Van De Voorde *et al.*, 2012). The definition of empowerment practices, or in this case, structural empowerment, is a set of practices allowing the transfer of power and authority from higher to lower levels of an organisation by sharing decision-making power, information, knowledge, and rewards (Bowen and Lawler, 1992). From a mutual gains perspective, at the organisational level, these practices can lead to a more resourceful, rewarding and meaningful work atmosphere (Van De Voorde *et al.*, 2016), thus contributing to better performance, as also suggested by social capital theory (Seibert *et al.*, 2001). At the individual level, empowerment enhances employees' job satisfaction and affective commitment (*e.g.* Kirkman and Rosen, 1999), as supported by social exchange theory (Blau, 1964) and the norm of reciprocity (Cropanzano and Mitchell, 2005), since employees interpret structural empowerment as

indicative of organisational support and concern for their well-being (Van De Voorde *et al.*, 2012), and reciprocate by showing greater satisfaction and commitment (Allen *et al.*, 2003). However, from a conflicting outcomes perspective, empowerment may also make work more demanding, with added responsibilities and work intensification that can increase stress and job anxiety, as proposed by labour process theory (Ramsay *et al.*, 2000).

This dilemma also appears within the New Public Management (NPM) approach that first appeared in public organisations in the 1980s. One central idea of NPM is to improve effectiveness of public services by adopting HRM practices that shift from uniform rules to more employee discretion, team working, recognition of employees' contributions and, in general, endeavours to stimulate involvement among employees by way of high commitment human resource management, where empowerment plays an important part (e.g. Bach and Givan, 2011). Hence, structural empowerment is considered to improve services and performance at the organisational level by improving the communication processes that, according to the social capital theory, may help build effective relationships and structures to solve day-to-day problems easily and deliver better services (Brunetto and Farr-Wharton, 2008). In the same line, the 'black box' arguments of the public management literature claim that structural empowerment makes organisations more adaptable, efficient, and effective by building structures that match citizens' demands (Burgess, 1975). However, at the employee level, some researchers have warned of the human cost associated with NPM. Monitoring, pressure, and intensified accountability of public staff can lead to alienation, fear, stress and anxiety states in employees (Chandler et al., 2002; Diefenbach, 2009). NPM therefore has its 'dark side' in that it places additional demands on the workforce (Diefenbach, 2009).

Despite calls for a balanced approach, previous empirical research has generally analysed the effects of structural empowerment on organisational performance (*e.g.* Logan and Ganster, 2007), or focused on positive consequences for employees, such as satisfaction or

commitment (*e.g.* Kirkman and Rosen, 1999; Kim, 2002), while neglecting the possible negative effects on employee health. These studies therefore offer only partial frames (focusing on one kind of outcome variable, organisational or individual, and on positive employee outcomes), hampering a more comprehensive view of the consequences of structural empowerment. Moreover, this partial view prevents analysis of the indirect or mediating effects of work-related outcomes and, hence, impedes exploration of the 'black box' between structural empowerment and organisational performance. This comprehensive view has received even less research attention in the public sector context (Park and Rainey, 2007; Fernandez and Moldogaziev, 2013).

To address these research needs, we study how structural empowerment practices directly affect organisational performance in a public context and how this effect is mediated by different forms of well-being, namely job satisfaction and affective commitment, as eudaimonic well-being variables related to the self-realisation component, and job anxiety, as a hedonic well-being variable related to attaining pleasure and avoiding pain. On a sample of 103 Spanish local authorities, we use a multilevel mediation model to integrate the individual and organisational levels. This multilevel approach not only extends and refines single-level models but also represents a significant departure from them (Peccei and Van De Voorde, 2016).

This paper makes several important contributions. First, it considers structural empowerment as a construct in itself, inspired by Bowen and Lawler's (1992) multidimensional model, and not as a part of a bundle of other HR practices (*e.g.* Raineri, 2016), meaning that its composition and consequences can be determined more accurately (Van De Voorde *et al.*, 2016). Second, given the need for a more balanced view of HRM, we build on the analysis of employee satisfaction and commitment – basic, desired attitudes in achieving public organisations' success (Park and Rainey, 2007) – and examine a harmful aspect, job anxiety, in

response to the need to test HRM effects on health variables (Van De Voorde *et al.*, 2012). We attempt to answer a timely question: is structural empowerment beneficial or detrimental, or does it have no effect on these well-being variables? Discerning such effects can contribute to knowledge on the dominant mutual gains and the conflicting outcomes perspectives of HRM. Third, considering that NPM changes have been introduced in different ways and speeds in different countries (Pollitt, 2002), we study empowerment in the context of public services in Spain, where the relationships proposed may differ from other contexts. Spain has been slow to apply mainstream NPM techniques (Garcia, 2007). Furthermore, the Spanish public administration culture is still grounded in administrative law (Torres *et al.*, 2011) and most public sector employees are civil servants, which complicates the introduction of some reforms based on employee participation. New human resource management techniques do not seem to fit well with the rigidity, structures and processes of Spanish administrations (Serna, 2008). Hence, the contextualisation of this study in the Spanish public sector contributes to the understanding and adaptation of empowerment practices to this reality.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

<u>The direct relationship between structural empowerment and organisational</u> performance

Bowen and Lawler (1992) developed the most well-known depiction of structural empowerment in services as "approach to service delivery". This approach includes practices that increase employees' access to information and resources by: giving them information on firm's operations; providing training that enables them to contribute at work; giving them power to make decisions that influence organisational activities; and providing performance-based rewards designed to encourage initiative. According to this definition, employees are able to

respond faster to customer needs and improve performance by working more efficiently and effectively, making the service more reliable. Social capital theory supports these ideas, claiming that resources and communication processes embedded in an organisational structure improve coordination and activities. It therefore implies cost reductions and increased efficiency, and ultimately better organisational performance (Seibert *et al.*, 2001). Previous empirical research in private-sector organisations has found positive relationships between practices related to structural empowerment and quality, service and sales, and overall performance (*e.g.* Seibert *et al.*, 2004).

Regarding the public sector, 'black box' approaches to public management claim that structural empowerment has important effects on the delivery of better performance (Ingraham *et al.*, 2003), making organisations more adaptable, efficient, and effective (Burgess, 1975). Such approaches state that delegating power, training, and motivating employees with rewards enhances employee morale, which leads to behaviours and attitudinal dispositions towards the public suited to the particular demands of each service encounter (Chebat and Collias, 2000), thus improving overall performance. Earlier contributions support this claim, showing a positive effect of empowerment on performance in quality of work and accomplishment in federal organisations in the U.S. (Fernandez and Moldogaziev, 2013) and in Spanish local authorities (Barba and Serrano, 2015). From these arguments, we hypothesise that:

Hypothesis 1: Structural empowerment is positively associated with organisational performance in local governments.

The Indirect Effect: structural empowerment and employee well-being outcomes

Job satisfaction and affective commitment. Job satisfaction is defined as the pleasurable emotional state resulting from the evaluation of one's job as achieving or

facilitating the fulfilment of one's job values (Locke, 1969). Affective commitment refers to the emotional attachment to the organisation characterised by acceptance of the organisation's culture and values and by a desire to remain part of that organisation (Mowday *et al.*, 1982). Both can be related to eudaimonic well-being, since they refer to individuals' feelings about the alliance between their true self and values, and their job reality (Ryan and Deci, 2001).

From the mutual gains perspective, Bowen and Lawler (1992) state that empowerment leads to more satisfied employees because they feel decision-making is in their hands and perceive increased control over their job. Social exchange theory (Blau, 1964) provides clear theoretical support for such arguments, holding that employees interpret organisational actions, such as structural empowerment, as indicative of organisational support (Van De Voorde *et al.*, 2012). Such perceptions lead employees to reciprocate and show greater satisfaction and commitment (Allen *et al.*, 2003). The norm of reciprocity (Cropanzano and Mitchell, 2005) also supports this relationship, as it refers to the socially accepted norm of returning a favour in exchange for help or resources. Employees are likely to feel more satisfied and committed to organisations that support them and give them resources through empowerment practices. Previous empirical research has found positive associations between empowerment practices and job satisfaction and affective commitment (Kirkman and Rosen, 1999; Kim, 2002; Holland *et al.*, 2011).

In the public sector, especially in health-care contexts, some positive relationships have also been found between structural empowerment and job satisfaction (Sarmiento *et al.*, 2004), as well as affective commitment (Park and Rainey, 2007). In these contexts, as Kanter's (1993) theory of organisational empowerment explains, empowerment structures allow employees to mobilise the necessary resources to get things done, which raises their job satisfaction. Likewise, when employees have the opportunity to increase their competence and skills and are rewarded for contributing to organisational aims, they invest in the organisation and may demonstrate this by seeing themselves as part of the organisation. These same arguments can be translated to employees in local government where NPM reforms have been introduced. We therefore hypothesise that:

Hypothesis 2a: Structural empowerment is positively associated with job satisfaction in local governments.

Hypothesis 2b: Structural empowerment is positively associated with affective commitment in local governments.

Job anxiety. Anxiety is defined as an emotional state of perceived apprehension and heightened agitation (Spector *et al.*, 1988) and constitutes a measure of general mental health. Job anxiety is linked to a specific stimulus: the workplace. In contrast to job satisfaction and affective commitment, it is associated with hedonic well-being as it reflects the presence or absence of pleasure or pain (Ryan and Deci, 2001).

From a conflicting outcomes perspective, labour process theory (Ramsay *et al.*, 2000) holds that empowerment practices promote not only discretion, but also added responsibility and work intensification, which may increase stress. Employees may feel that managers expect more work effort (Van De Voorde *et al.*, 2016), thus perceiving more pressure to perform and less overall control over their working lives (Orlitzky and Frenkel, 2005), which may cause anxiety.

In the NPM field and its documented 'dark side', the proactive attitudes that empowerment entails, together with the statement of measurable standards of performance and an attempt to monitor and reward employees according to these measures, may generate higher pressure, intensification of labour and accountability of public staff, which can lead to states of resentment, fear, stress and anxiety (Chandler *et al.*, 2002; Diefenbach, 2009). Some authors (*e.g.* Clark, 1999; Vidal, 2007) take a critical view of empowerment, claiming that many workers have no desire for empowerment because they associate it with 'too much work', and prefer to remain comfortable within the old authority structure where they know the rules and their predictable work arrangements make their jobs feel more secure. Under conditions of empowerment such employees could experience higher levels of anxiety because of the mismatch between their desires at work and the implications of empowerment practices.

In addition, workers in public sector are generally more likely to show worse levels of mental health (McHugh, 1998). It is well documented that working with people (such as customers) plays a major role in the risk of developing anxiety (Wieclaw *et al.*, 2008). Local governments are services providers, so their employees are expected to deal with citizens in order to meet their requirements, which could increase the likelihood of their suffering anxiety at work. Therefore, we propose the following hypothesis:

Hypothesis 2c: Structural empowerment is positively associated with job anxiety in local governments.

The Indirect Effect: employee well-being outcomes and organisational performance

Job satisfaction and affective commitment. Job satisfaction and affective commitment are expected to contribute to organisational performance, facilitating an indirect relationship between structural empowerment and organisational performance, thus illustrating the mutual gains perspective of HRM and its positive outcomes for both organisation and employees (Van De Voorde *et al.*, 2012). Social exchange theory and the norm of reciprocity support such relationships, as employees tend to reciprocate the way they are treated in their organisation, so feeling job satisfaction and affective commitment as a consequence of the empowerment they receive may stimulate them to respond with improved performance, contributing to the overall performance of the organisation. The general consensus in the HRM literature is that employee attitudes are vital to achieving organisational performance (Jiang *et al.*, 2012).

Satisfied employees seek to work and perform their tasks to a high standard and to achieve customer satisfaction, and are more willing to adopt non-compulsory behaviours aimed at realising their objectives (Ogbonnaya and Validaze, 2016). Wood *et al.* (2012) studied a sample comprising industries from the private and public sectors, demonstrating that job satisfaction was positively associated with financial performance, labour productivity, absenteeism and quality.

Regarding affective commitment, employees with high levels of commitment may strive to achieve more success for the company and show behaviours that benefit the organisation, thus contributing to improved productivity (Elorza *et al.*, 2011; Kim *et al.*, 2018). This relationship can also be transferred to public organisations, as affective organisational commitment is seen as a vital element in maintaining output in both public and private sectors (Perry, 2004). The few studies conducted in the public sector (*e.g.* Zhu and Wu, 2016) have found associations between affective commitment and organisational performance measures such as managerial accountability, work performance and organisational growth. Hence, the following hypotheses are proposed:

Hypothesis 3a. Job satisfaction is positively associated with organisational performance in local governments.

Hypothesis 3b. Affective commitment is positively associated with organisational performance in local governments.

From the above arguments, mediating relationships are expected, for which we suggest the following hypotheses:

Hypothesis 4a. Job satisfaction positively mediates the relationship between structural empowerment and organisational performance in local governments. *Hypothesis 4b. Affective commitment positively mediates the relationship between structural empowerment and organisational performance in local governments.*

Job anxiety. According to Sackey and Sanda (2009), symptoms of stress and strain, such as anxiety at work, make people less communicative, and increase tension, tiredness and low energy, which are likely to result in lower levels of performance, therefore negatively affecting organisational performance. In a sample of companies from different sectors, Bakker *et al.* (2004) found that exhaustion (one of the dimensions of burnout) was negatively related to in-role and extra-role performance. As both in-role and extra-role performance are related to effective organisational operations, a negative link might also be found between job anxiety and organisational performance. Similarly, Ramsay *et al.* (2000) demonstrated that job strain was related negatively to labour productivity and positively to absence rate as measures of organisational performance. The explanation is that such a psychological state related to stress at work affects behavioural outcomes like job performance because it reduces employees' energy levels and their efforts at work, leading to poorer performance (Singh *et al.*, 1994). We therefore hypothesise that:

Hypothesis 3c. Job anxiety is negatively associated with organisational performance in local governments.

From the above arguments, the mediating relationship is hypothesised as follows:

Hypothesis 4c. Job anxiety negatively mediates the relationship between structural empowerment and organisational performance in local governments.

--Figure 1--

METHODS

Procedure and sample

The empirical work was carried out in Spain, which offers an illustrative example of NPM implementation. In the Spanish context, a legal regulation – the *Estatuto Básico del Empleado Público* (2007) (Basic Statute for Public Employees) – embodies the ideas guiding mainstream NPM. This statute endeavours to enhance employees' involvement through principles and techniques related to structural empowerment (*e.g.* training, performance-linked remuneration), highlighting the importance of improvement in the effectiveness, efficiency and quality of services delivered to the public.

The population of firms for our sample was selected from the *Federación Española de Municipios y Provincias* (Spanish Federation of Municipalities and Provinces) database, which lists all Spanish city councils and their contact information. We selected only large municipalities (more than 20,000 inhabitants) because they implement more strategic management practices. The application of this criterion yielded a population of 399 city councils.

The units of analysis are the local authority (organisational level) and the employees (individual level). Thus, two questionnaires were prepared: one for local government managers (human resource managers, or in their absence, clerks) and a second for other public employees. Following Dillman *et al.* (2009), we carried out a pretest in which the managers' questionnaire was reviewed by four local government managers, and two employees in each of these local authorities were interviewed to obtain feedback on the questionnaire prepared for the other staff. This pretest confirmed that the instructions and the questions were clear and that the planned administration procedure would be effective. The next step was to contact all the city councils in the population by telephone to identify the human resource managers and request city council participation. Likewise, they were informed of the purpose and relevance of the research project and the confidentiality of the responses. The managers were asked to complete the questionnaire addressed to them (on structural empowerment and performance), and were

invited to send the employees' questionnaire (on employee outcomes) at random to a minimum of four employees.

City councils with fewer than four employee responses were removed, following previous contributions in which a similar minimum number of employees had been established (Seibert *et al.*, 2004). After this step, we equalised the number of respondents from each organisation by randomly sampling observations from city councils with more than six respondents (Schneider *et al.*, 2003). As a result, some responses were deleted from these city councils, and the number of employees per organisation ranged between four and six, yielding a sample of 103 manager questionnaires and 461 employee questionnaires. The sample error for the organisational level sample was ± 8.33 at the 5% significance level. The average number of employees per local authority was 4.48 (*SD*=0.7). The participants (employees level) were predominantly women (62.7%) and civil servants (79%), reporting an average of 17.52 years' experience in their organisations (*SD*=9.72), and an average age of 46.9 (*SD*=7.52).

<u>Measures</u> (see appendix)

At the organisational level, we used 22 items adapted from Lawler *et al.*'s (2001) scale to measure structural empowerment. Local authority managers were asked about dimensions of decision-making power, information sharing, rewards, and knowledge and training. Guided by previous studies (*e.g.* Datta *et al.*, 2005), a single index was created by taking the mean of the four subscales constructed from the survey items. A confirmatory factor analysis showed that the four dimensions significantly loaded on a single factor ($\chi^2_{(2)}=1.189$,*p*-value=0.55; BBNFI=0.98; CFI=1.00; RMSEA=0.00). Cronbach's alpha (α) for this empowerment scale was 0.93. We evaluated organisational performance using the eight items from Walker and Boyne's (2006) scale –designed specifically for the public sector– measuring output and efficiency, responsiveness, and service outcomes. Responses of local authority managers to the three dimensions were averaged to form an overall organisational performance score (α =0.90).

At employee level, job satisfaction was measured with Warr and Inceoglu's (2012) single item. The single-item measure is widely accepted in the literature (*e.g.* Warr and Inceoglu, 2012). We used the three items of affective commitment from Gellatly *et al.*'s (2006) organisational commitment scale (α =0.86). Job anxiety was assessed with Jensen *et al.*'s (2013) five items (α =0.89). Finally, we controlled for gender at employee level, and for local authority size at organisational level, in line with previous studies (*e.g.* Jensen *et al.*, 2013).

Analytical strategy

We used multilevel structural equation modelling and robust maximum likelihood estimator to analyse the hypotheses, by means of MPlus software. To assess whether multilevel analysis was appropriate, we calculated the variation between group levels, estimating the intraclass correlation coefficient (ICC1) for job satisfaction, affective commitment and job anxiety. The results of these ICC1 showed substantial values of 0.076, 0.115 and 0.052, respectively. Therefore, we considered that the multilevel procedure was appropriate. To examine the mediation effect, we computed the indirect effects based on the product of coefficients. The statistical significance of the indirect effect was then further assessed with the RMediation application (Tofighi and Mackinnon, 2011), which computes the 95% confidence intervals for the indirect effects on the basis of the distribution of the product method, and thus overcomes problems traditionally associated with the Sobel method (MacKinnon *et al.*, 2007).

RESULTS

Table 1 presents the means, standard deviations and bivariate correlations of the research measures at the two levels of analysis. Table 2 shows the parameter estimates for the model of Figure 1. The proposed model has an adequate fit as shown by the value of the indices

 $(\chi^2_{(7)}=13.318, p$ -value=0.06; CFI=0.95; RMSEA=0.04). Table 2 shows the significant positive effect of structural empowerment on organisational performance (β =0.26; p<0.05), thus supporting Hypothesis 1. These findings indicate that the more structural empowerment implemented in a local authority, the better its organisational performance. Structural empowerment was hypothesised to be positively related to job satisfaction, affective commitment, and job anxiety (Hypotheses 2a, 2b, and 2c, respectively). However, we found that structural empowerment is not significantly related to either job satisfaction or affective commitment; Hypotheses 2a and 2b are therefore rejected. Similarly, Hypothesis 2c is rejected because while structural empowerment does have a significant effect, it is contrary to that posited (β =-0.49;p<0.05).

--Table 1--

The results related to Hypotheses 3a-c were as follows. Hypothesis 3b was supported at the 10% confidence level (β =0.49; *p*<0.10), confirming that affective commitment in a local authority is positively associated with organisational performance. Job anxiety was negatively and significantly related to organisational performance (β =-0.33; *p*<0.05), supporting Hypothesis 3c. The higher the levels of job anxiety in local authorities, the lower the level of organisational performance. However, no significant relationship was found between job satisfaction and organisational performance; Hypothesis 3a was therefore rejected.

Hypotheses 4a-c posited that job satisfaction, affective commitment and job anxiety mediate the relationships between structural empowerment and organisational performance. As noted earlier, we found neither the influence of structural empowerment on job satisfaction nor the effect of job satisfaction on organisational performance to be statistically significant, failing to support Hypothesis 4a. Similarly, regarding Hypothesis 4b, structural empowerment is not related to affective commitment, and therefore neither is the mediation effect confirmed. Structural empowerment is significantly related to job anxiety, and job anxiety is significantly

associated with organisational performance, thereby meeting the requirements for mediation. The results of additional indirect effects tests (β =0.16; p<0.10) and the 95% confidence interval (CI) [0.007, 0.211] support a positive mediation of job anxiety in the structural empowerment– organisational performance relationship. Only job anxiety appears as a mediator variable, because the 95% confidence interval excludes the zero value. However, this result is contrary to what was posited in Hypothesis 4c, which supported the conflicting outcomes perspective. Empowerment thus contributes to improving performance by helping to reduce anxiety levels.

--Table 2—

Supplemental analyses

To further examine the relationships between structural empowerment, employees' well-being variables and performance, we re-estimated the multilevel mediational model by performing four models, one for each of the four dimensions of structural empowerment (information, training, rewards and decision-making power) instead of using the single index. Given that structural empowerment consists of a sub-set of practices, aggregation in a single index may mask the possible existence of competing effects of the different dimensions, so that some could compensate others, leading to the loss of important information.

The results show that only the model in which the information dimension was introduced presented a significant direct influence on organisational performance (β =0.36; p<0.01). Regarding the effect on well-being variables, only job anxiety was negatively associated with information (β =-0.55; p<0.01) and rewards (β =-0.37; p<0.05) in the corresponding models. Consequently, for the indirect effect, information (β =0.14; p<0.10) [95% CI=0.003, 0.133] and rewards (β =0.27; p<0.10) [95% CI=0.001, 0.240] dimensions are related to organisational performance through job anxiety. While there is a partial mediation in the model with information, in the model with rewards mediation is complete, since the rewards dimension does not directly affect organisational performance. These findings mean that giving

employees information and, to a lesser extent, performance-based rewards, are likely to have a positive effect on performance on their own. However, the other two practices do not impact performance. In sum, the pattern of practices individually considered is not very different from their aggregation in an index, as in both types of analyses (aggregated in a single index and disaggregated by dimensions) the mutual gains perspective is reflected and we found no competing effect.

DISCUSSION

The rationale for this research was to examine the extent to which structural empowerment benefits both organisations and employees, or whether there is a trade-off in terms of which outcomes to prioritise. To this end, we studied the influence of structural empowerment on organisational performance and the mediating role of various forms of employee well-being – job satisfaction, affective commitment and job anxiety– in the context of local authorities. We now outline the main implications of our study.

Research implications

Mediating role of well-being: mutual gains versus conflicting outcomes perspective. The findings support the idea that structural empowerment is linked to organisational performance through job anxiety. Thus, in consonance with the mutual gains perspective commonly developed in the HR literature (*e.g.* Peccei *et al.*, 2013), the findings demonstrate the vital importance of structural empowerment practices in improving performance in organisations, and contrary to our expectations, in reducing employees' job anxiety levels. This deviates from the 'dark side' arguments in the NPM literature and the conflicting outcomes perspective of HRM (Chandler *et al.*, 2002; Jensen *et al.*, 2013). The supplemental analysis suggests that the information dimension in particular has considerable capacity to lower job anxiety levels, which could mean that employees appreciate knowing the city council's plans, their performance and other information that might affect them.

At the individual level, structural empowerment does not appear to increase workforce anxiety; indeed, it is associated with lower levels. Perhaps the slow pace at which Spanish organisations are implementing NPM changes means that employees do not feel under pressure or strain. Karasek's (1979) demand-control model lends support to this suggestion. This model claims that control over potential stressors, such as tasks, activities and work decisions, and feelings of autonomy help employees cope better with the demands of their jobs and reduce perceived strain. Structural empowerment transfers decision-making power, and therefore, more control and discretion to employees. Consequently, they may feel less anxious in the work context because they feel they can face the demands of their jobs with greater autonomy, supported by training, information, and rewards. Taking into account that in the sovereign model of governance characteristic of the Spanish public administration (Torres et al., 2011), most employees are civil servants with permanent contracts, which may mean they perceive greater job security and less uncertainty and as a result, they do not fear challenges. In such a context, our supplemental analyses may also provide some possible explanations. Increased information may mean employees feel less worried about coming changes, and receiving rewards might help to ease any concerns they may have.

Despite the mutual benefits reported, our findings also are consistent with predictions of the conflicting outcomes perspective. We found confirmation for the sceptical view of HRM (no effect of HRM on employees' well-being) and, partially, the 'dark side' of NPM, since despite the beneficial effects for performance, structural empowerment was not found to be positive and significantly linked to job satisfaction or to affective commitment, in contrast to previous studies (*e.g.* Kirkman and Rosen, 1999). Specifically, our findings reinforce the view that structural empowerment does not provide employees with beneficial effects in all situations or with all types of employees. This supports the idea that staff morale is not increased by empowerment practices in this public sector context.

A possible explanation for the differences in the significance of the three well-being variables in our model is their distinct nature. As previously explained, job satisfaction and affective commitment can be related to eudaimonic well-being (work conditions-desires fit). By contrast, job anxiety is more related to hedonic (pain-pleasure emotions). Because of this, job satisfaction and affective commitment in our study may have a different behavioural pattern from that of job anxiety. The person-organisation issue, related to the eudaimonic view of well-being, offers a suitable explanation. Vidal (2007) showed that empowerment does not necessarily increase satisfaction, since individuals' work orientation may mediate the effects of empowerment on job satisfaction. Thus, perhaps if employees' orientation does not fit with the empowerment 'trend', they will neither experience more satisfaction nor feel more committed. This makes sense when the profile of tenure and age of the workforce in our sample is considered, since it may be representative of people less willing to change and grow. For instance, Rhodes (1983) argues that age is negatively related to the need for self-actualisation and growth.

Empowerment and performance. This paper also contributes to the social capital theory in that it illustrates the precepts of this approach (Seibert *et al.*, 2001) in the context of local government. As previous contributions have contended (*e.g.* Brunetto and Farr-Wharton, 2008), the implementation of NPM practices, such as empowerment, seems capable of creating an organisational network in local government that provides a flow of relevant information and resources, or even emotional support, which arm employees with better tools to undertake their work, serve clients, and in turn, positively affects organisational outcomes. Likewise, as asserted by recent 'black box' arguments of public management, the establishment of a system consisting of practices such as delegating power or training contributes to building a more

general structure in the organisation, providing support for achieving better performance (Burgess, 1975).

Employee well-being and performance. Concerning the influence of the three forms of well-being on organisational performance, the results only confirmed the power of job anxiety, and, less significantly, the role of affective commitment. These findings enrich the growing body of research on how to stimulate performance in public organisations, an issue that remains highly topical. This research holds that stress and strain symptoms lead to a state of tension and low energy that negatively affects performance (Sackey and Sanda, 2009). However, the positive influence of job satisfaction on organisational performance remains unconfirmed. This might be due to possible measurement effects that could have influenced the results. Judge et al. (2001) suggest that the concept and measurement of job satisfaction should perhaps be closer to emotions than to attitudes. According to some authors (e.g. Brief and Roberson, 1989) job satisfaction fails to anticipate performance because the current job satisfaction measure reflects cognitive evaluation more than affective tendency. In our case, the item used refers to a general job satisfaction assessment, so it does not specifically capture affect. This could explain the absence of a link between job satisfaction and organisational performance, even more so if we consider that affective commitment (which is specifically a measure of affect) does have a connection with performance.

Practical implications

From a practical perspective, our findings suggest two types of actions that may be valuable to city councils. First, in order to improve organisational performance local authority managers should strive to implement structural programmes including training, rewards based on productivity, dissemination of information, and tools for decision-making participation. Given the need to achieve efficiency, effectiveness, and public satisfaction, strategies are needed to face the new challenges.

Second, and turning to employee-related actions, public managers should aim to reduce employee anxiety at work. Detrimental effects of anxiety disorders are a major problem in the public sector (McHugh, 1998), leading to high costs for organisations if they result in time off work due to sickness. Anxiety can be reduced by developing structural empowerment practices and promoting employees' perception of control over potential stressors and feelings of autonomy (Karasek, 1979).

Limitations and future research

The first limitation of the study is the sample, which covers only on local governments. Future work in other public settings is recommended in order to generalise our model. Furthermore, the cross-sectional design of the study does not allow inference of causality, so a longitudinal design may be useful to test causal links in this question. In addition, as explained earlier, in the context studied employees' individual orientations may play a role in job satisfaction levels. Future studies should analyse whether the fit of employees' orientation with the values embedded in structural empowerment may have explanatory power. In a similar line, as mentioned earlier, job satisfaction could be better measured by trying to infer affect and emotion (Judge *et al.*, 2001). Here, the general coverage of job satisfaction leads to a lack of knowledge about its behaviour. Future studies could usefully examine how structural empowerment relates to different facets of job satisfaction.

Another interesting line would be to explore curvilinear effects. Given that a new stream of psychological well-being studies has identified the limits of positive experiences (*e.g.* Grant and Schwartz, 2011), research could usefully examine the optimal levels of structural empowerment for a positive effect on well-being variables.

21

One final suggestion for future research would be a qualitative study. Petter *et al.* (2002:397) state that "empowerment is both locally defined and individually valued", so interviews and feedback in a specific context could add valuable information to further understanding of their effects.

CONCLUSION

The analysis of the mediating role of well-being suggests that in Spanish city councils structural empowerment acts as a 'reassuring' mechanism for employees, but not as a catalyst of wellbeing. Thus, our findings support the integration of the optimistic and sceptical perspectives on HRM, as considered in Peccei *et al.* (2013) and as illustrated by Van De Voorde *et al.* (2016). Regarding the NPM discussion, the results do not completely confirm its 'dark side' (Diefenbach, 2009) concerning the increase of stress and anxiety, although it is noteworthy that the absence of influence of empowerment on employees' job satisfaction and affective commitment could be a sign of the inability of the new HRM within the NPM paradigm to accompany the enhancement of organisational performance with the motivation of the workforce.

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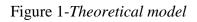
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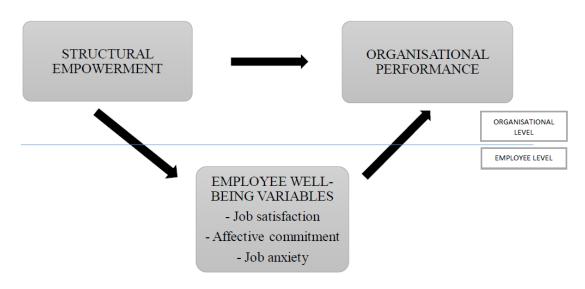
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Variable	Mean	S.D.	1	2	3	4	5	6	7
Organisational level									
1. Structural empowerment	2.65	0.90	1						
2. Organisational performance	2.62	0.51	0.44****	1					
3. Job satisfaction	5.23	0.74	-0.02	0.20	1				
4. Affective commitment	4.20	0.65	0.04	0.44**	0.83	1			
5. Job anxiety	1.59	0.30	-0.47*	-0.49	-0.48	-0.31	1		
6. Organisation size	497.58	802.33	0.06	-0.01	0.15	0.1	-0.16	1	
7. Gender (0=male, 1=female)	0.63	0.27	0.04	-0.05	-0.32	-0.21	0.69	-0.11	1
Employee level			1	2	3	4			
1. Job satisfaction	5.24	1.38	1						
2. Affective commitment	4.20	1.16	0.28****	1					
3. Job anxiety	1.59	0.60	-0.25****	-0.12**	1				
4. Gender	0.63	0.48	0.12**	-0.08	-0.07	1			

Table 1-Means, SDs and correlations at two levels

 $*p\!<\!\!0.10;\!**p\!<\!\!0.05;\!***p\!<\!\!0.01;\!****p\!<\!\!0.001$

Table 2-Estimates of multilevel model

Parameter	S.E.	95% Confidence
estimates		interval
0.26**	0.11	
0.02	0.27	
0.07	0.20	
-0.49**	0.20	
-0.36	0.23	
0.49*	0.29	
-0.33**	0.15	
-0.06	0.09	
-0.89***	0.32	
-0.53**	0.26	
0.74**	0.33	
·	•	
-0.01	0.10	[-0.145,0.140]
0.03	0.10	[-0.098,0.194]
0.16*	0.09	[0.007,0.211]
0.15***	0.05	
-0.06	0.06	
-0.08	0.05	
	estimates 0.26** 0.02 0.07 -0.49** -0.36 0.49* -0.36** 0.49* -0.33** -0.06 -0.53** 0.74** -0.01 0.03 0.16* 0.15*** -0.06	estimates S.E. 0.26** 0.11 0.02 0.27 0.07 0.20 -0.49** 0.20 -0.36 0.23 0.49* 0.29 -0.36 0.09 -0.33** 0.15 -0.06 0.09 -0.53** 0.26 0.74** 0.33 -0.01 0.10 0.03 0.10 0.16* 0.09 -0.06 0.05

*p<0.10;**p<0.05;***p<0.01

APPENDIX

Organisational level

Structural Empowerment

Scale: 1 (no employees) to 7 (all employees).

Power to make decisions. Please indicate how many employees of your city council are currently participating in each of the following programs:

- 1. Survey feedback.
- 2. Job enrichment.
- 3. Quality circles.
- 4. Employee participation groups other than quality circles.
- 5. Union-management quality of work committees.
- 6. Self-managing work teams.
- 7. Employee committees on local government policy and/or strategy.

Information sharing. Please indicate how many employees of your city council are routinely provided with the following types of information:

- 8. Information about the local government's performance.
- 9. Information about their unit's performance.
- 10. Advance information on new technologies that may affect them.
- 11. Information on local government plans/goals.
- 12. Information on other local governments' performance.

Rewards. Please indicate how many employees of your city council are covered by each of these remuneration or reward systems:

- 13. Bonus for achieving individual goals
- 14. Bonus for achieving group goals

Knowledge and training. Please indicate how many employees of your city council have received, in the last three years, systematic and programmed training on the following topics:

- 15. Group decision-making/problem-solving skills.
- 16. Leadership skills.
- 17. Skills in understanding public administration and local government.
- 18. Quality/statistical analysis skills.

- 19. Team building skills
- 20. Job skills training.
- 21. Cross-training skills other than those required for the job.
- 22. Skills in using information technology and computers.

Organisational Performance

Please assess for these aspects the quartile in which your organisation is located (1=the bottom

to 4=the top):

Output and efficiency

- 1. Quality (e.g. how quickly/responsive your services are delivered)
- 2. Value for money
- 3. Efficiency (e.g. cost per unit of service delivery)
- 4. Staff satisfaction

Responsiveness

5. Citizen satisfaction

Service outcomes

- 6. Effectiveness (e.g. whether your objectives were achieved)
- 7. Equity (e.g. how fairly your services are distributed amongst citizens)
- 8. Promoting the social, economic, and environmental well being of local people.

Employee level

Job satisfaction

Please fill in the number that represents how you feel about this question (1=extremely dissatisfied to 7=extremely satisfied):

Overall how satisfied or dissatisfied are you with your job?

Affective commitment

Please fill in the number that represents how you feel about these questions (1=strongly disagree to 6=strongly agree):

- 1. This organisation has a great deal of personal meaning for me.
- 2. I feel a strong sense of "belonging" to my organisation.
- 3. I feel like "part of the family" in this organisation.

Job anxiety

Please fill in the number that represents how you have been feeling over the past month about these questions (1=not at all to 4=definitely/very much):

- 1. I feel tense or wound up.
- 2. I get a sort of frightened feeling like "butterflies" in the stomach.
- 3. I get a sort of frightened feeling as if something awful is about to happen.
- 4. I feel restless as if I have to be on the move.
- 5. I get sudden feelings of panic.
- 6. I can sit at ease and feel relaxed* (R)

Notes: R, inverse indicator; *, eliminated indicator.