

RESEARCH ARTICLE

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Human Resource Practices and Organizational Effectiveness with the Mediating Role of Internal Customer Satisfaction

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Abstract

This research seeks to investigate the influence of human resource practices on organizational effectiveness by considering the mediating role of internal customer satisfaction. It draws on data from a human resource department and its employees; a total of 294 valid questionnaires are obtained. Structural equation modeling is employed to examine the proposed model. The results of this research hypotheses test indicate that human resource practices have direct and significant effects on internal customer satisfaction and organizational effectiveness. What's more, internal customer satisfaction has a mediating role in the relationship between human resource practices and organizational effectiveness.

Keywords: *Human Resource Practices, Organizational Effectiveness, Internal Customer Satisfaction*

Introduction

Today, more than ever, it has become clear that the growth and development of organizations and the communities that form within them depend on the proper use of human resources (Madhani, 2021). In fact, equipment and machinery are not enough to make the organization work efficiently. Human resource practices, coupled with the optimal use of the individual's intellectual and staffing skills, typically lead the organization to achieve its goals (Çağlar & Türk, 2023). When human resources are properly managed, it can result in higher productivity and greater efficiency which in turn increases the quality of employees and creates a positive working environment. To survive in highly competitive markets, organizations need to provide goods and services that yield highly satisfied and loyal customers. In the business management literature, the word of customers is classified in two groups, "the people both inside and outside the company who are purchasing the product of the process" (Tennant, 2001).

In new era of public administration, public organizations are supposed to find ways to improve services in terms of quality and delivery time. Like many business corporations around the world, municipalities in Iran (as part of a non-governmental public sector) have started shifting their emphasis to human resources in terms of knowledge and experience, becoming the central resource for organizational performance. In fact, today organizations are increasingly changing the traditional viewpoint of human resources to a more strategic form (Purcell, 1993; Tyson, 1997; Analoui, 1999b; Analoui, 2002). Alike many companies, Iranian municipalities, especially in the mega city of Tehran, recognize the importance of breaking down traditional barriers with customers.

While much research has been conducted centering on the Western context, the aim of this study is to gain an understanding of how municipalities in Iran are managing their HRM practices as well as its relationship with organizational effectiveness and internal customer satisfaction. Since a direct causal

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chain between HR practices and organizational outcomes has been considered by many contemporary researchers, the intermediate variable between these two has received scant attention (Chang & Huang, 2010). In brief, the present research has drowned base on the following objectives. The main objective is testing an integrated model in which internal customer satisfaction links human resource practices and organizational effectiveness. Furthermore, the data has been gathered from a public organization to assess whether some specific practices of HR have improved internal customer satisfaction and produced more effective organizational outcomes. In addition, this study has applied a broader criterion of performance by using HR practices to highlight whether HR capabilities have a greater impact than financial gains.

Theoretical Framework and Hypotheses

Human Resource Practices and organizational effectiveness

In the modern era of business management, the increasing importance of human resource for organizations has been well-established (Manolitzas et al, 2014). The effective management of people is key to ensuring a sustained competitive advantage; this notion is the fundamental building block of HR (Mabey et al, 1998; Kakabadse et al, 1998). The performance of HRM has long been considered a generator of competitive advantage (Becker & Gerhart, 1996; Huselid, Jackson, & Schuler, 1997). This variable has been widely researched in various fields, as well as the related literature (Coetzer & Sitlington, 2014; Sikora & Ferris, 2014). According to Saa-Perez and Garcia-Falcon (2002), by developing, carrying and exchanging information within the human capital of the organization, a basis for HR capabilities is constructed. HR practices are valuable, rare, irreplaceable, difficult to imitate and capable of generating many outcomes, including sustained competitive advantage (Chang & Huang, 2010); therefore, it is crucial for creating sustainable

competitive advantage. Huselid (1995) has indicated that some HR practices, such as personnel selection, performance appraisal, incentive compensation, job design, grievance procedures, information sharing, attitude assessment and labour-management participation, affect firm performance. In another study, HR practices have been categorized into seven categories; namely, employment security, selective hiring, self-managed teams, provision of high pay contingent on company performance, extensive training, reduction of status differences, and sharing information (Pfeffer, 1998).

Organizational performance is considered a distinguishing outcome of HR practices (Papademetrio, Anastasiadou & Konteos, 2022). The relationship between human resource management practices and organizational performance has been the major concern of academia scholars (Arthur, 1994; Delery & Doty, 1996; Lahteenmaki et al, 1998; Rangone, 1999; Analoui, 2002, Liu, Xi & Zhang, 2023). Organizational performance has been repeatedly measured by financial performance indicators such as profitability, return on investment, and earnings per share (Harel, Tzafrir, & Baruch, 2003). The consensus of the extant literature is that HR practices enhance stock market performance (e.g. yield), accounting measures (return on investment) and subjective measures as some aspects of organizational performance (Khandekar & Sharma, 2005). Becker and Huselid (2006) suggest that instead of considering organizational performance as an independent variable for HRM, it's more worthwhile to focus on specific intermediate outcomes rather than general financial performance. For this consideration they propose the capabilities of knowledge change (Collins & Smith, 2006; Smith, Collins, & Clark, 2005), production quality (Gibson, Benson, Porath, & Lawler, 2007), and customer service (Batt, 2002; Liao, Toya, Lepak, & Hong, 2009), which have all been regarded as intermediate outcomes of HRM. Business performance is highly affected by

HR practices. This claim has been supported by various researchers in the context of strategic human resource management (see Boselie, Dietz, and Boon (2005) and Huselid (1995)). The linkage between HR practices and firm performance has been studied extensively in recent decades (Guest, 1997; Delery & Doty, 1996; Huselid, 1995; Arthur, 1994; Pfeffer, 1994) with the results showing that firm performance depends on the proper use of HR practices. Based on the AMO model developed by Delery and Shaw (2001), enhancing HR performance by increasing employees' abilities, motivation, and opportunities to perform, will contribute to organizational performance which in turn could be translated into organizational effectiveness. Research has also centered on two systematic viewpoints, commitment-oriented HRM and collaboration-oriented HRM; the existence and interplay of both having established impacts on firm performance (Zhou, Hong, & Liu, 2013; Arthur, 1994; Lepak, Takeuchi, & Snell, 2003).

HR practices have long been responsible for increasing organizational success (Kakabadse and Kakabadse, 2000, Liu, Xi & Zhang, 2023) and standing as a realistic indicator for improved organizational effectiveness (Analoui, 2002). Pattanayak (2001) and Diwedi (2002) conducted studies mostly focused on the role of HR practices on organizational performance. One aspect of organizational performance is organizational effectiveness. While the inaccuracy of accrual-based performance indicators is highlighted by practitioners and scholars alike (Eccles, 1991), other researchers have adopted a distinct view on measuring organizational effectiveness. For instance, Organizational effectiveness refers to the level of success that a firm achieves during the process of pursuing its mission (Chang & Huang, 2010). Because organizational effectiveness involves a firm's mission, its measurement is based on the distinctive ability that the organization displays to ensure its success (Chuang, Liu, & Chen, 2015). Theories developed in recent years

strongly support the direct influence of HR performance on organizational effectiveness (Chuang et al., 2015). This relationship has been supported by numerous empirical studies (Pfeffer, 1994; Huselid, 1995; Guest, 1997; Karami, Analoui & Cusworth, 2004). Hence, both theory and empirical research have supported the idea that HR practices directly influence organizational effectiveness (Pfeffer, 1994; Huselid, 1995; Guest, 1997; Karami et al. 2004). Therefore, these notions formed the first hypothesis of the present study.

H1: Human resource practices affect organizational effectiveness.

Human resource practices and internal customer satisfaction

In a future-oriented organization, HR roles should be placed at the center of firm activities (Mishra, Luo, & Hazen, 2018). It is strongly believed that any organization aiming to be innovative should concentrate on their internal customers since this quality would not be achieved with unskilled and unhappy employees (Mishra, Luo, & Hazen, 2018). In fact, for an organization to be curious about customer demands, internal customer expectations must be taken into account (Jun and Cai, 2010). Even so, substantial amounts of resources have been allocated by organizations to develop, monitor and increase internal customer satisfaction (Heskett et al., 1997). Therefore, finding the roots of employees' satisfaction and willingness to participate and contribute to organizational effectiveness are subjects worthy of in-depth investigation. In the literature of human resource management, HR practices tend to affect organizational effectiveness through internal customer satisfaction (Chuang et al, 2015). Hence, the second hypothesis of the present study is as follows:

H2: Human resource practices affect internal customer satisfactions.

Internal customer satisfaction and organizational effectiveness

An organization's external customers and their effect on the characteristics and quality of organizational effectiveness has well investigated in the literature (Parasuraman, et al., 1988; Zeithaml, et al., 1996; Fisk, et al., 1993; Bojanic, 1996; Nicholls, et al, 1993, 1998; Taylor, 1994); however, scant attention has been paid to organizational effectiveness from the perspective of internal customer satisfaction. Generally speaking, the literature defines an internal customer as anyone who helps the service provider to better serve its external customers. This definition covers a wide range of roles including top management, employees, external intermediaries or representatives of the firm, and even suppliers to the firm (Schmalensee, 1991). As previously mentioned, the present study considers internal customer as employees of the organization. In addition, developing a critical mass of employees who are knowledgeable or skilled may constitute a potential source of competitive advantage for them (Khandekar and Sharma, 2005) and for the organization as well. The importance of internal customers in the service industry is well-understood. In the U.S., the Malcolm Baldrige National Quality Award allocates 20 percent of its criteria to the way an organization's employees are motivated, trained and enabled. This margin ranks second in importance after external customer satisfaction (Schmalensee, 1991). Some research has empirically supported the influence of internal customer satisfaction on organizational effectiveness. For instance, Matzler et al. (2004) has examined the relationship between internal customer satisfaction and organizational productivity. What's more, Molina and Ortega (2003) find that organizational performance has been affected by additional training. It is assumed that when motivated and committed employees are more effective and efficient at work, higher processing and product quality are generated by their internal customer satisfaction (Eskildsen and Dahlgaard, 2000). The third hypothesis of the present study is highlighted as:

H3: Internal customer satisfaction affects organizational effectiveness

Research Design

Sample

Using the sample size determination table of Krejcie and Morgan, 294 samples out of 1250 employees in District 4 of the Tehran municipality were chosen to fill the questionnaire. 330 questionnaires were distributed and each respondent was contacted in person and was asked to respond to the items of the questionnaire. 302 questionnaires were returned, 294 of which were deemed complete and usable for the data analysis phase. The rest of the questionnaires were either incomplete or the persons refused to oblige.

The data collected from the respondents of the organization included background variables such as gender, age, educational qualifications, and the respondent's number of years of experience. On average, the questionnaire required about 25 minutes to complete it. Concerning the age, 15.3% of the respondents were 20 to 29 years old, 49% ranged from 30 to 39 years old, 32.7% were 40 to 49 years old, and finally 2.4% were above 50 years old. Overall, 61.6% of respondents were male. The educational level of respondents ranged from diploma to Master's degree: 10.9% held diplomas, 66% had achieved a Bachelor's degree, and 23.1% had attained a Master's qualification. The total work experience of the respondents varied widely: 2.4% had below 3 years' experience, 23.5% had 3 to 5 years, 43.9% had 5 to 10 years, and 30.3% had above 10 years of professional experience.

Measures

Human resource capabilities

A modified version of Chang and Huang's (2010) questionnaire was used to collect the data. The original questionnaire contained 25 items to represent the five dimensions of HR capabilities: recruitment and selection, employee training, performance appraisal, compensation, and employee relationship. Each dimension scale was measured using

five items. For the present study, the original questionnaire was modified to cope with the statistical population, narrowing down and presenting 20 questions. Respondents were asked to indicate the frequency of HR practice implementation on a five-point Likert scale ranging from 'always' (5) to 'never' (1). Reliability tests were conducted for each scale, recording the alpha coefficients of 0.85, 0.77, 0.79, 0.83 and 0.75 for recruitment and selection, employee training, performance appraisal, compensation and employee relationship, respectively. Internal consistency measures all exceeded 0.80, indicating that the HR capabilities scale was reliable.

Internal customer satisfaction

Chang and Huang (2010) used 10 items to measure internal customer satisfaction. In the present study, these 10 items were modified down to four items based on the consideration of the sample. Respondents were asked to indicate the degree of their satisfaction with compensation, training for newcomers, employee relationship, and work environment. The responses were recorded using a five-point Likert scale ranging from 'strongly agree' (5) to 'strongly disagree' (1). The internal consistency reliability was 0.84.

Organizational effectiveness

Organizational effectiveness was measured using a scale composed of four items. Respondents were asked to indicate their responses on a five-point Likert scale ranging from 'strongly agree' (5) to 'strongly disagree' (1). The internal consistency reliability for this measurement was 0.82. The results are displayed in Table 1.

Data Analysis

In order to analyze the data and consequently test the hypotheses, this study employed the Structural Equation Modeling (SEM) technique to establish the model. First, confirmatory factor analysis was used to find the determination of each question for each variable. Then, path analysis and LISREL software was utilized to test the research hypotheses.

Confirmatory factor analysis

In order to test the validity of the eight variables in the model, confirmatory factor analysis method was performed.

Hypothesis testing

To test the hypotheses of the present study, path analysis was applied. The results are shown in Table 2. In addition, structural equation results and estimated coefficients are represented in Table 3.

Table 1.

Factor loading for variables

Variable	Question Numbers	Factor Loading	Sig.
Recruitment	Q 1	0.81	16.31
	Q 2	0.76	14.85
	Q 3	0.73	13.96
	Q 4	0.78	15.29
Employee Training	Q 5	0.64	11.93
	Q 6	0.71	13.56
	Q 7	0.71	13.48
	Q 8	0.66	12.41
Performance Appraisal	Q 9	0.75	14.37
	Q 10	0.71	13.41
	Q 11	0.55	19.61
	Q 12	0.81	15.94
Compensation	Q 13	0.77	15.13
	Q 14	0.74	14.24
	Q 15	0.75	14.52
	Q 16	0.71	13.47

Variable	Question Numbers	Factor Loading	Sig.
Relationship	Q 17	0.67	12.74
	Q 18	0.69	13.18
	Q 19	0.64	11.95
	Q 20	0.66	12.43
Work environment	Q 21	0.72	13.38
	Q 22	0.70	12.89
	Q 23	0.67	12.25
	Q 24	0.80	15.56
Internal Customer satisfaction	Q 25	0.83	16.81
	Q 26	0.72	14.00
	Q 27	0.75	14.58
	Q 28	0.71	13.44
Organizational Effectiveness	Q 29	0.88	16.85
	Q 30	0.78	14.82
	Q 31	0.68	12.92
	Q 32	0.68	12.86

Table 2.

Direct, indirect and total effects of dependent and independent variables

Independent variable	Dependent variable	Direct effect	Indirect effect	Total
Human Resource Practice	Internal customer satisfaction	0.74	----	0.74
	Organizational effectiveness	0.64	0.18	0.82
Internal customer satisfaction	Organizational effectiveness	0.25	----	0.25

Table 3.

Structural equation results and estimated coefficients (standardized)

Independent variable	Dependent variable	Effect	t values	Hypothesis Result
HR practice	Int. customer Satisfaction	0.74	19.04***	Accepted
HR practice	Organizational effectiveness	0.64	13.26***	Accepted
Int. Customer Satisfaction	Organizational effectiveness	0.25	5.17***	Accepted
HR practice	Org. effectiveness with mediating role of Int. customer satisfaction	0.18	4.99***	Accepted
Recruitment	Int. customer satisfaction	0.35	6.23***	Accepted
Employee training	Int. customer satisfaction	0.16	2.41**	Accepted
Relationship	Int. customer satisfaction	0.19	2.70***	Accepted
Work environment	Int. customer satisfaction	0.01	0.18	Rejected
Compensation	Int. customer satisfaction	0.17	2.47**	Accepted
Performance appraisal	Int. customer satisfaction	0.03	0.46	Rejected
Recruitment	Organizational effectiveness	0.20	4.05***	Accepted
Employee training	Organizational effectiveness	-0.02	-0.41	Rejected
Relationship	Organizational effectiveness	0.18	3.06***	Accepted
Work environment	Organizational effectiveness	0.08	1.61	Rejected
Compensation	Organizational effectiveness	0.20	3.86***	Accepted
Performance appraisal	Organizational effectiveness	0.15	3.03***	Accepted

Notes: *p < 0.05, **p < 0.01, ***p < 0.001.

Hypothesis 1

Regarding the effect of human resource practice on organizational effectiveness, results of the first hypothesis show that four of the six dimensions of HR practices have positive and significant impacts on the independent variable, with the exceptions of

employee training and work environment. Recruitment ($\gamma = 0.20$, $t = 4.05$, $p < 0.01$; supported), relationship ($\gamma = 0.18$, $t = 3.06$, $p < 0.01$; supported), compensation ($\gamma = 0.20$, $t = 3.86$, $p < 0.01$; supported) and performance appraisal ($\gamma = 0.20$, $t = 2.85$, $p < 0.01$; supported) all positively and significantly

affect organizational effectiveness. However, employee training and work environment does not influence internal customer satisfaction. Therefore, Hypothesis 1 is partially supported.

Second, in terms of employee relationships, employees are satisfied when their HR department reveals their competencies via two-way communication. Such a technique encompasses top-down communication, wherein information cascades from management to employees regarding organizational operations and to some extent payment systems; and bottom-up communication, in which established mechanisms enable employees to articulate opinions via an employee meeting and complaint system to ultimately reach management. In bottom-up communication, employees are encouraged to participate in work-related decision making. Meanwhile, horizontal communication operates all across the organization, satisfying the relational needs of employees. Participating in decision-making processes effectively drives employees to meet their own needs and also feel valued by their organization.

Third, concerning compensation and payment plans, employees are satisfied when their HR department demonstrates capabilities in providing a fairly and competitive compensation and benefits in compare with other organizations. Internal equity is revealed in job evaluations and pay-for-performance systems ensure the fairness of the payment scheme. Regarding equity theory, the fairness of the work environment will be evaluated when people compare their circumstances to that of other employee. The perceived fairness or unfairness of the situation influences their work attitudes and behaviors. These are the main reasons for accountability of the compensation system in predicting organizational effectiveness.

Fourth, regarding performance appraisal, employees show satisfaction when their HR department implements an effective performance appraisal system. As such, employees know and can practice the criteria set by supervisors. Employee actions are then

evaluated at performance reviews, where supervisors can offer proper feedback to correct actions that are not aligned with the organizational objectives. That is to say, HR departments monitor and audit the performance system. However, employees' efforts only contribute to firm performance if the objectives implemented by HR fit the organizational goals. What's more, the closer the interaction between supervisors and employees, the greater the chance and likelihood that employees will meet organizational goals. Finally, the monitoring and auditing of the performance system by the HR department helps maintains the system's suitability and properness.

On the other hand, employee training and work environment have no effect on organizational effectiveness. The result for employee training might stem from the fact that training systems within the municipality primarily consist of on-the-job training, overlooking the formalized operating training courses. Hence, employees might not consider on-the-job learning as official training. This could be the main reason why employee training does not affect organizational effectiveness. From the viewpoint of work environment, because the municipality has frontline contact with the public while offering services, employees are continually interacting with numerous customers and their offices are always crowded. Accordingly, employees might feel unsatisfied with the working environment; hence, the reason why working environment does not affect organizational effectiveness. Thus, the HR capabilities in working environment and training do not affect organizational effectiveness.

Hypothesis 2

As it was hypothesized, HR practices are positively and significantly related to internal customer satisfaction ($\gamma = 0.74$, $t = 19.04$, $p < 0.001$; supported). In fact, four out of the six dimensions of HR practices demonstrate positive impacts on internal customer satisfaction which are recruitment ($\gamma = 0.35$, $t = 6.23$, $p < 0.001$; supported), employee training ($\gamma = 0.16$, $t = 2.41$, $p < 0.005$;

supported), employee relationship ($\gamma = 0.19$, $t = 2.70$, $p < 0.001$; supported), and finally, compensation ($\gamma = 0.17$, $t = 2.47$, $p < 0.01$; supported). Two exceptions are work environment and performance appraisal that do not affect internal customer satisfaction.

Employee training does not affect organizational effectiveness, but it does impact internal customer satisfaction. This result is not surprising given that most of the short training courses in the municipality focus on social abilities and relationship variables. For example, training courses with the subject of “family interactions” mostly aim to improve the relationship abilities of employees. Even though this sort of training could affect organizational effectiveness indirectly, internal customer satisfaction would be the first outcome. The HR departments within the municipality run these courses mainly due to its expectations of corporate social responsibility activities.

Hypothesis 3

The third hypothesis of the present study which relates internal customer satisfaction to organizational effectiveness is fully

supported ($\gamma = 0.25$, $t = 5.17$, $p < 0.001$; fully supported). The satisfaction of internal customers with HR practices, such as recruitment, employee training, employee relationship and compensation, will enhance employees’ attitudes such as morale and commitment. In turn, employees feel encouraged to participate more in organizational outcomes. Organizational effectiveness is considered as an organizational outcome.

Hypothesis 4

The fourth hypothesis of the research premises the mediating role of internal customer satisfaction on the relationship between HR practices and organizational effectiveness. The result highlights that internal customer satisfaction significantly mediates dependent and independent variables ($\gamma = 0.18$, $t = 4.99$, $p < 0.001$; supported). HR practices were shown to have a stronger effect on organizational effectiveness through internal customer satisfaction. The result of structural equation modeling is shown in Figure 1.

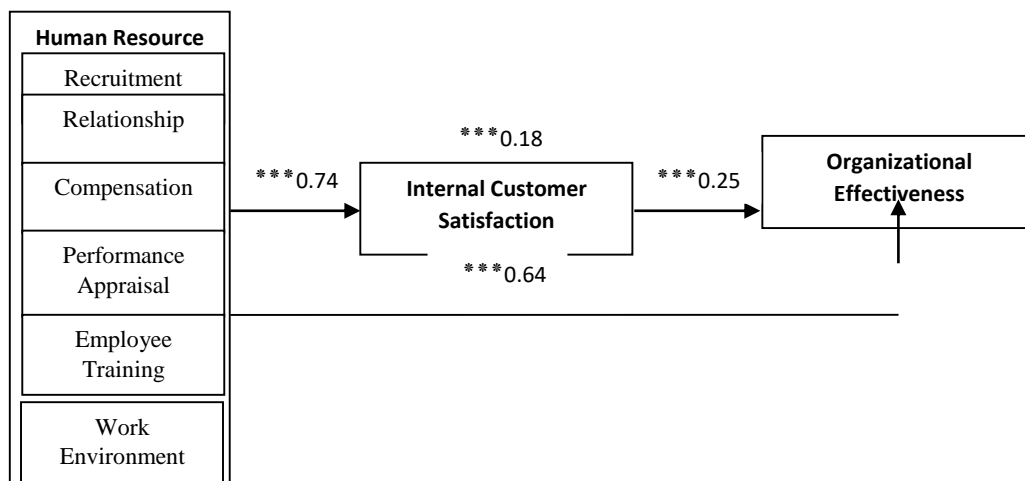


Figure 1. The result of structural equation modeling
Standardized coefficient for the model presented. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Full Model

Putting all hypotheses together, the result of standardized total effects illustrate that recruitment (0.20) and compensation (0.20) are the most important determinants of organizational effectiveness, followed by

relationship (0.18) and performance appraisal (0.15). These variables share almost the exact same influence in terms of improving organizational effectiveness. From the perspective of impacting HR practices on internal customer satisfaction,

recruitment exerts the greatest influence on the dependent variable (0.35), while the subsequent predictors of internal customer satisfaction are employee relationship (0.19), compensation (0.17) and employee training (0.16). As it is underlined, employee relationship, compensation and training approximately share equivalent levels of influence.

Recruitment exerts the greatest effect on predicting both dependent variables. Respectively, relationship and compensation interchangeably take the second and third place in predicting organizational effectiveness and internal customer satisfaction. Work environment neither predicts organizational effectiveness nor internal customer satisfaction. The reason might be the totally dissimilar settings that people working in. For example, some employees may work in a calm and quiet environment while some other employees may interact with clients face-to-face and have to leave the organization to do part of their job outside.

Discussion

Implications

After testing the proposed hypotheses, the consistency of the results is approved; this is an indication of fitness of the suggested model. This study has some significant implications. Firstly, this study draws attention to certain HR practices in terms of developing internal customer satisfaction and organizational effectiveness. Further implications about the effect of internal customer satisfaction on organizational effectiveness are also presented.

In light of the results of the hypotheses, it is recommended to District 4 of the Tehran municipality to improve the practices and performance of HR practitioners as a means of enhancing internal customer satisfaction and organizational effectiveness. From the viewpoint of HR practices and its impact on internal customer satisfaction, the organization is should recruit and promote within the organization based on competencies and qualifications. In addition

to designing and implementing programs to help newcomers identify with the firm, at later stages, employees should receive further training that targets areas in need of improvement. Furthermore, firms should consider implementing courses that empower communication capabilities and strengthen professional relationships among its employees. Rewards to employees should also be given based on their responsibilities and amount of their efforts. Employee performance should be measured based on measurable outcomes and the aims of the performance appraisal system ought to be apparent and clear for everyone.

In addition, based on customer needs, some human resource practices might need to be reconsidered. Recruitment took the first place in predicting both the internal customer satisfaction and organizational effectiveness. Therefore, the fit between recruitment plan and strategies, implementing various recruitment methods, consistent and suitable employment instruments, and the applicant's capabilities and organizational requirements should be considered by HR departments. These factors may have received lower attention than other factors of the HR practices.

Compensation is another significant determinant in boosting both the organizational effectiveness and internal customer satisfaction. Therefore, performance-based schemes such as a pay-for-performance system, flexible payment plans and competitive benefits and compensation in the labor market are the issues which HR departments should consider. These factors will not only satisfy the internal customers, but also raise the potential for enhancing organizational effectiveness.

In addition to employees' performance practices, employees' problems are the responsibility of HR departments. To capture a better understanding of employees' problems and issues, HR professionals should involve line managers in HR responsibilities. In view of the fact that line managers have closer interactions with

employees, they play an important part in understanding and handling employee issues. In fact, HR professionals are possibly served better by emphasizing the special role of line managers to enhance service quality. Hence, HR professionals are supposed to play a major role in helping managers improve management quality and deal with employees' problems.

Limitations and future directions

This study has some limitations. Firstly, the findings are based on a cross-sectional data gathering which limits the generalizability of the result to the present time. Future research might take a longitudinal approach which may produce a more reliable result. Secondly, only a few vital variables are considered in the proposed model; however, structural equation modeling can be utilized to examine many variables all together. Therefore, future research can consider alternative complex models. Thirdly, one major limitation is in the sampled data, which were collected from one district of one municipality; yet, there are more than 20 districts in Tehran. Although the sampled organization serves a wide range of internal customers and is involved in various activities, the dataset was limited by the potential lack of generalizability, which is common to most of the research in this field. In addition, since this empirical study focuses on a not-for-profit organization, the prudent reader may need to interpret the results of the study with caution, particularly with respect to the generalization of research findings of for-profit organizations. Therefore, more data that are generic and relevant to any type of organization need to be collected from both for-profit and not-for-profit organizations to develop such models. Finally, this research has been conducted using variables and dimensions which were proposed by previous researchers. Thus, future research should take an exploratory approach and discover new dimensions based on real world case studies.

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