

# Internal Marketing: Employee Satisfaction and Word of Mouth in Guilan's Saderat Bank

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Received: January 15, 2016

Accepted: February 12, 2016

Online Published: March 25, 2016

doi:10.5539/ijms.v8n2p147

URL: <http://dx.doi.org/10.5539/ijms.v8n2p147>

## Abstract

Internal marketing is too important for all organizations and it's especially critical for a people intensive industry such as banking. This paper examines the effects of internal marketing on satisfaction of employees and employee's word of mouth. Dimensions of internal marketing, which were studied are training, supervisory support, empowerment, communication and compensation. The study has been done in Saderat Bank of Iran in Guilan and we used the technique of Structural Equation Modeling to provide a model. The analytical results demonstrate that approximately 88% of the variance Satisfaction ( $R^2 = 0.88$ ) is explained by Internal marketing and approximately, 82% of the variance word of mouth ( $R^2 = 0.82$ ) is explained by Satisfaction and Internal marketing.

**Keywords:** internal marketing, job satisfaction, word of mouth

## 1. Introduction

Banks play an important role in the economic development of modern societies. Banking industry and banking services are key factors to develop businesses, industries and countries. The banking industry, like many other financial service industries, is facing unprecedented set of challenges such as a rapidly changing market, new technologies, economic uncertainties, fierce competition, and demanding customers. Banking is a service industry, and services have increasingly assumed a more important role in the economic growth and development of countries worldwide. Increased competition, higher expectations and changing technological and business propositions have made many service organizations to think of a marketing approach to deliver satisfaction to their customers. Customer satisfaction is one of the biggest priorities of businesses. In the service industry employees are a particularly important participant in the formulation of the image that customers develop in relation to the offered service.

The concept of internal marketing had its origin in conventional marketing, where it has long been recognized that high levels of customer service depend heavily on the personnel who interact with customers. The concept underlines that "employees as customer" of which employees' needs have to be fulfilled by the business so that it benefits the business by way of improved working morale and commitment while reducing the turnover rate. The employees are an important part of the service and they represent the fifth 'P' in the services marketing mix. In recent years there has been a shift in emphasis in the study of service provision, from the external customer of the organization towards the internal customer.

Early attempts to incorporate an internal focus of marketing to complement the external focus arose in the service marketing literature. For example Kotler proposed a services marketing triangle, which represents a triad of marketing relationships on which service managers should focus their attention. These are:

- a. The relationship between the customer and the company (external marketing)
- b. The relationship between the customer and the employees (interactive marketing)
- c. The relationship between the company and employees (internal marketing).

### *1.1 Internal Marketing Concept*

Generally, concept of internal marketing is rooted in growth of service industries in the 1980's and was introduced by Berry and Gronroos for the first time (Barzoki & Ghujali, 2013). Nowadays, organizations seek to improve their performance through increasing the quality of their services. As many researchers contend, organizations need to deal with both internal and external customers. Successful organizations need to emphasize the quality of services offered to both internal and external customers (Sadeghloo et al., 2014). The major core of this concept is that employees must be regarded as internal market of the organization. It means that the organization must be considered as a market which has internal customers and suppliers that providing needs of its internal customers will pave the way for final success of the organization (Barzoki & Ghujali, 2013).

Internal marketing starts with the organization recruiting the right people in the position to reach the point where these employees are satisfied and willing to do their job and accomplish customer satisfaction (Sadeghloo et al., 2014). The Main concept of internal marketing is founded on two aspects. (1) Each employee has his/her internal customers and that he/she is also an internal customer. (2) Employers have to secure advantages, benefits and extra services for their employees and to make them content, which will lead to better overall performance in external markets and customers (Gronroos, 1981).

In addition to internal marketing as a process and concept oriented towards employees within the company, internal marketing has also been focused on planning and implementing the process of improving all kinds of exchange within the company by coordinating and internal improving processes of exchange between the company and its employees (Paliaga & Strunje, 2011).

Internal marketing is applying marketing approach in managing all interactive activities within the organization so as to build up employee's customer orientation and to create a more efficient internal environment (Barzoki & Ghujali, 2013). According to internal marketing concept, the entire company becomes an internal market through the process of decentralization and through viewing departments as a sort of inter-department competitors (Ballantyne, 2003). Nowadays, internal marketing concept makes internal parts of the company compete with each other, selling and buying like in external markets. Internal marketing focuses on people inside business boundaries, and emphasizes on the satisfaction of employee needs.

Berry describes employees as customers so a fundamental concept in internal marketing is that just like external customers; internal customers desire to have their needs satisfied. By satisfying the needs of internal customers, an organization should be in a better position to deliver the quality desired to satisfy external customers. A pre-assumption in Internal marketing is that fulfilling employee needs enhances employee motivation and retention, and as a consequence the higher the degree of employee satisfaction, the higher the possibility of generating external satisfaction and loyalty (Alhakimi & Alhariri, 2014).

In order to achieve external objectives effectively, internal marketing should be undertaken by management to motivate the employees to adopt customer consciousness and marketing-consciousness by using marketing tools and techniques internally. Rafiq & Ahmed define internal marketing as: a planned effort to overcome organizational resistance to change and to align, motivate and integrate employees towards the effective implementation of corporate and functional strategies (Rafiq & Ahmed, 1993).

Cooper & Cronin pointed out that internal marketing was consistent with the organization's effort; the organization trained and motivated its employees to offer better service (Cooper & Cronin, 2000). Internal marketing in the service industry makes helps all employees understand the company's mission and aims, and refers to training, motivation, and proper evaluation to achieve the organization's expected aims and keep excellent employees (Chang & Chang, 2008).

Conduit and Mavondo considered that internal marketing meant creating an internal environment with customer orientation and service consciousness in the organization. They also considered that internal marketing meant applying marketing and human resource management; it was used to motivate and manage employees in the organization (Conduit & Mavondo, 2001).

### *1.2 Objectives of Internal Marketing*

The idea of internal marketing was originally proposed as a solution for how to motivate employees to consistently deliver high quality service. Effective implementation of internal marketing highlights the importance of helping personnel to become more customer-focused and service oriented (Alhakimi & Alhariri, 2014). To justify the introduction and use of internal marketing, we need to define clear objectives of internal marketing and precisely explain its concept. Objectives of internal marketing are defined in internal and external markets. There are three basic objectives of internal marketing. The first objective is related to internal markets and it comprises

investments in employees so that they feel they belong to the company; understand the vision of the company and its strategic objectives and how they will be realized (Paliaga & Strunje, 2011). Successful application of internal marketing could be resulted in positive job attitudes of employees such as job satisfaction, job involvement and organizational commitment (Barzoki & Ghujali, 2013).

The second and third objective are related to external markets and they refer to investments in customers and geared at developing good long-term business relations and reaching competitive advantages, which is the principle for survival of the company in the marketplace. According to Gronroos (1991), employee satisfaction, maximizing employee efficiency, harmonizing employee relations, and keeping quality personnel. These objectives also explain the understanding of internal marketing concept as a strategic view of employees as internal customers who perceive their work tasks as internal products that fulfill the needs of internal customers and finally, of external customers (Paliaga & Strunje, 2011).

In present study we used a classification created by Conduit and Mavondo. They classified the internal marketing activity into five perspectives, which performed correlation between each other according to the result of spot check. The five perspectives include training, supervisor support, empowerment, communication and compensation.

Training is the process of acquisition of knowledge, skills and competencies as a result of the teaching of vocational or practical skills and knowledge that relate to specific useful competencies. Training has specific goals of improving ones capability, capacity and performance (Iqbal et al., 2014). Training will empower the employees to meet sophisticated abilities for performing qualified assistances such as the workers struggle to increase greater characters with greater advantage.

Supervisor support refers to employee perceptions of assistance, concern, and respect from the immediate supervisor (Burke et al., 1992). Having supportive supervision, management, and leadership is another key element of being satisfied at work. Perceptions of supervisor support have been found to be positively associated with overall job satisfaction (Paulin et al., 2006). In the same way, other researchers have found that supportive management, supportive leadership, leadership support, and perceived management concern for employees, had positive effects on job satisfaction (Dabholkar & Abston, 2008).

Empowerment refers to allowing employees the discretion to make decisions about routine job-related activities (Bowen & Lawler, 1992). By empowering employees, managers pass on control over many aspects of the service delivery process. Empowered employees feel better about their jobs and serving customers because empowerment removes the constraints the service blueprint imposes and gives employees room to act freely when serving customers (Reardon & Enis, 1990).

Communication is the activity of conveying information through the exchange of thoughts, messages or information. In this case communication is the process of exchanging information in an organization in the way that everybody in the organization has access to information.

Compensation refers to an employee's pay and benefits. Acker found that satisfaction with salary (viewed as closely related to the level of compensation) was positively correlated with job satisfaction for mental health social workers. Lum reported a significant causal linkage between pay satisfaction and job satisfaction for hospital nurses. Compensation also had a positive effect on job satisfaction for grocery store managers (Christen et al., 2006)

### *1.3 Job Satisfaction*

One of the most crucial concepts of behavior in organization is discussion of job satisfaction. It always been introduced implications for how to the satisfaction and dissatisfaction and it are considered as one of the crucial factors in the success or failure of a job (Amoopour et al., 2014). It has been discussed in literature (Nirupama & Maula, 2011; Abiodun & Gbadebo, 2012; Zaim et al., 2012) that Job Satisfaction of employees is the base of any growing organization. Employees of an organization enhance the organization's sustainable competitive advantage (Amoopour et al., 2014). Satisfaction is a term normally employed to explain situation of an individual found her/himself after a specific event. It explains a state of inner thoughts that follows interface with people or object. It has also been directly substituted with other feeling words such as gratification, happiness, compensation, fulfillment, joy, excitement and self-actualization (Rafiq et al., 2014). Job satisfaction is defined as "an employee's overall affective evaluation of the job situation". It can be negative, positive, or moderate (Perera et al., 2014). Theorists and researchers have looked at job satisfaction in terms of intrinsic and extrinsic factors. Extrinsic factors related to work environment and intrinsic factors related to work content (Alonderiene, 2010). Job satisfaction is distance between the benefits and rewards that employees receive and what their

opinion should receive. This variable in the behavioral sciences is important because this variable represents an attitude rather than a behavior. Job satisfaction is a collection of compatible and incompatible feelings that employees view to their jobs (Amooupour et al., 2014). In one developmental study, Jeon & Choi (2012) proved that employee satisfaction leads to customer satisfaction. Therefore, to have satisfied customers, it is necessary to have satisfied employees (Shabbir & Salaria, 2014). Many organizational factors can facilitate or hinder job satisfaction, including human resource practices, management practices, pay policies, physical surroundings, professional development, service climate and social controls, and socialization (Dabholkar & Abston, 2008).

We can divide job satisfaction into two sections; one is the result of financial internal marketing and the monetary satisfaction it provides, and the other is consequences of non-financial internal marketing and creating non-monetary satisfaction.

Financial internal marketing includes incentives and financial rewards for good performance like employee discounts on purchases. Internal marketing generally contributes to job satisfaction; performance bonuses as part of that internal marketing are certainly expected to make employees happy (Hwang & Chi, 2005).

Non-financial internal marketing includes non-monetary rewards which a company may give to its employees, like recognition programs, motivational practices, and empowerment.

#### *1.4 Internal Marketing and Job Satisfaction*

Traditionally the focus of marketing emphasized mostly on external customer satisfaction rather than internal customer i.e. employee satisfaction. Due to the new business structure development, enhanced marketing effort towards services and high competitive environment, the concept of internal marketing emerged (Shabbir & Salaria, 2014).

In the context of service provision the intangible nature of the product renders employees one of the most crucial parameters in the value generation process of the service organization. Irrespectively though of the nature of the service, employees working in the “first-line” interact with customers (Gounaris, 2008). They need to understand the customer’s needs and match their company’s service offering with specific customer needs. Moreover, they collect intelligence on competition, they help the company clarify what the needs of customer exactly are and assess the company’s ability to satisfy them, they improve the company’s overall internal image and the image of the company’s products and so on. First-line employees play a role very similar to the one that sales personnel play that justifies their description as “part-time marketers” (Gummeson, 1991).

The practice of internal marketing and its implication has been strongly positive linked with the performance of the employee. The rationale of this approach is that internal marketing programs influence employees’ performances and when job satisfaction increases then organizations get their objectives i.e., customer satisfaction especially in services sector (Shabbir & Salaria, 2014). According to an internal marketing program entails training with an emphasis on the specific service tasks that employees have to accomplish, employee empowerment, sharing information pertaining to customer needs and rewarding employees based on the customer service level they offer (Bansal et al., 2001). Berry and Parasuraman suggest that internal marketing entails the company’s effort to improve its attractiveness as potential employer so that the company can attract, select and retain the best employees in delivering excellent quality of service to external customers.

Research shows that the concept and the action of an enterprise’s internal marketing upgrade employee job satisfaction and this improve the organizational performance of the enterprise. Therefore, it is suggested to obtaining external customer satisfaction service firms should first concentrate on their internal customer (or employee) satisfaction (Gounaris, 2008).

The “marketing-like” techniques implied by Berry et al. (1976) involve actions such as employee attraction and selection, employee socialization, empowerment, participation in decision making and establishment of accurate and open information between employees and management. These facets of an internal marketing program help managers to derive greater levels of employee job satisfaction and scholars to operationalize the notion of internal marketing (Berry et al., 1976).

Ahmed et al. studied the impact of various personnel-practices on employee satisfaction. Such actions include internal communication, training, interfunctional coordination, incentives and so on. The study shows a strong positive impact on employee job satisfaction demonstrating thus the importance of internal marketing in deriving employee job satisfaction since all these practices are components of an internal marketing program (Ahmed et al., 2003).

Kameswari and Rajyalakshmi suggested that service organizations need to attract and retain customers to ensure a sustainable competitive advantage as the employee plays a central role in attracting, building and maintaining

relationships with customers (Kameswar & Rajyalakshmi, 2012).

The satisfied employees are the most valuable asset to an organization whereas the biggest liability is dissatisfied employees. Karthikeyan et al. assessed the effectiveness of the various facets of training i.e. employee's attitude towards training inputs; quality of training programs; application of training inputs to the actual job (Karthikeyan et al., 2010). Findings indicate that effective training has a direct and positive influence on growth & result of the banks.

Khan et al. established a link between perceived internal service quality practices with employee retentions in mediating environment of employee job satisfaction. They identified employee selection; training and development, work design, job description, rewards and compensation have positive and significant dimensionality to internal service quality (Khan et al., 2011).

As mentioned many of the studies highlighted the relation between internal marketing and job satisfaction. The factors of internal marketing like pay, coworker support, supervisors, working conditions, job security, promotional aspects, nature of work, employee selection, employee training and development, work design, job definition employee rewards and compensation, fairness, recognition, flexibility, feedback, quality of service, employee development, vision of the organization, strategic reward, internal communication and senior leadership have been concentrated upon by different authors over the years. Based on the literature the present study identified five dimensions of internal marketing are training, supervisor support, empowerment, communication and compensation. These components are mentioned earlier and are studied in the Saderat Bank of Iran, a public sector bank, to identify their relation to employees' job satisfaction so our first hypothesis is:

H1 = Internal marketing has positive effect on employee job satisfaction.

### *1.5 Word of Mouth*

Within a high-speed moving globe and in our modern customer society, customers need to face the brutal competition that engages companies to magnetize customers. Consumer buying behavior is becoming more observant what they buy (Naz, 2014). In general, word of mouth may be defined as an informal type of communication between private parties concerning the evaluation of goods and services and it has been considered to be one of the most powerful forces in the market place (Casalo et al., 2008). Word of Mouth can also be clear as the method of communication between two noncommercial people and without benefit in the business they are talking about (Naz, 2014). Letwin et al described word of mouth as unpaid marketing behavior of consumers. Westbrook defined word of mouth as all informal relations between customer about ownership, usage characteristics or seller of services and goods. Some researchers consider consumer-to-consumer communication such as word-of mouth to be a strong and credible influence on consumer behavior (Gupta & Harris, 2010).

The importance of word of mouth situates in the fact that consumer choice is usually influenced by word of mouth, especially when the purchase is important (Lutz & Reilly, 1973). This is explained due to the fact that consumers prefer to rely on informal and personal communication sources (e.g., other consumers) in making purchase decisions instead of on formal and organizational sources such as advertising campaigns (Bansal et al., 2001). Indeed, word of mouth is extremely effective since the source of the information has nothing to gain from the consumer's subsequent actions and, as a result, fellow consumers are considered as more objective information sources (Kozinets, 2010).

Originally, word of mouth marketing is an action for informally sharing experiences and spreading information among consumers whenever they are satisfied or dissatisfied with specific products (Mangold et al., 1999). Word of mouth marketing refers to marketing techniques that utilize the customers' social networks to increase brand awareness through self-replication and message diffusion (Li et al., 2010).

Positive word of mouth communication, defined as all informal communications between a customer and others concerning evaluations of goods or services, includes "relating pleasant, vivid, or novel experiences; recommendations to others; and even conspicuous display (Yi-Wen & Yi-Feng, 2012). On the other side negative word of mouth is unfavorable and unpleasant recommendations of dissatisfied customers about goods or services. Consumers communicate their "bad feelings" to other and therefor organizational reputation may be in danger seriously.

Word of mouth Communication is a powerful force in influencing future buying decisions, particularly when the service delivered is of high risk for the customer; and it helps to attract new customers as relational partners to a company's offerings. Attracting new customers has been interpreted as part of the relationship marketing concept by many proponents (Molina et al., 2007).

Generating positive word of mouth referrals is one of the most important marketing instruments and it has been suggested that this form of communication has a greater influence on consumers' choice than other forms of communication (O' Cass & Carlsen, 2012). In services settings, word of mouth is believed to play an even more important role than in goods due to the specific characteristics of services such as intangibility and non-standardization, customer integration within the service delivery process, all of which add to higher risk perception of consumers prior to using the service (Zeithaml et al., 1996). In such situations, information from other customers gains in importance in the evaluation of services since service consumers strongly rely on the opinions of other consumers when forming an expectation about the service, as well as when evaluating the service obtained (O' Cass & Carlsen, 2012).

### *1.6 Employee Job Satisfaction and Word of Mouth*

In previous section we reviewed some studies about internal marketing and its impact on job satisfaction. However, to have satisfied and loyal employees is not sufficient. From a company's point of view, it is also important that the satisfied and loyal employees contribute to the value of the company. It was studied that people with high satisfaction will work for their group and will focus on tasks that benefit their organization. Similarly, in the organizational commitment literature, researchers show a positive relationship between job satisfaction and organizational commitment (Baker et al., 2006; Paulin et al., 2006).

Organizations reward their employees for their ability to meet the customer's needs in a timely and cost effective manner. The success of service-based organizations (banks for example) is their ability to manage client relationships effectively to grow new and existing business engagements through word of mouth demonstrations of loyalty. Therefore, employees with high job satisfaction will work diligently to satisfy their customer in an effort toward supporting and improving their own organization (Webber, 2011).

One of the unique way that satisfied employees shows their loyalty and respects to their organization is word of mouth. Like other customer, employees communicate their experiences to other peoples. Satisfied employees will present their own organization in pleasant and good manner way and they will be proud of being part of it. They will recommend it, its services and goods to other, especially to those who are in direct contact with them. For example in service sector, frontline employees which deliver services to customers, have important role in communicate organizational values to them.

As mentioned earlier Berry (1976) defined internal marketing as viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization", and highlighted the importance of employees for the company in its efforts to be customer oriented. There are strong arguments for a series of relationships between employee's job satisfaction, employee loyalty, employee commitment, customer satisfaction, customer loyalty and bottom line results and companies that make an effort to achieve committed and loyal employees will achieve significant increases in the earnings per employee (Martensen & Gronholdt, 2006). Increasing job satisfaction of service personnel will create great organizational commitment and consequently will raise their positive word of mouth about their organization (Rogers et al., 2014). Attention to employee commitment is one of the factors of organizational development and thereby improves the administrative structure, reducing energy consumption and time, correct perception of the situation, optimizing the flow of information and communication (Amoopour et al., 2014). In this section we review the relevant literature on outcomes of employee (internal customer) satisfaction: loyalty and word of mouth.

To be precise, loyalty may be defined as an employee's intention or predisposition to stay with the same organization (Edvardsson et al., 2000), that result from the conviction that the value received from his/her organization is greater than the value available from other alternatives (Hallowell, 1996). As a consequence, loyalty has been considered to be a key factor in order to achieve company success and sustainability over time. More specifically, loyalty may be considered as a non-random behavior, expressed over time, which depends on psychological processes and closeness to brand commitment (Flavian et al., 2006), and several authors have proposed that loyalty also favors higher intensity in positive word of mouth (Hallowell, 1996).

In this research we are to find out the impact of job satisfaction on employee's word of mouth, thus we propose our second hypothesis:

H2 = Job satisfaction has positive effect on employee's word of mouth.

Based on the reviewed literature the conceptual model of this study is:

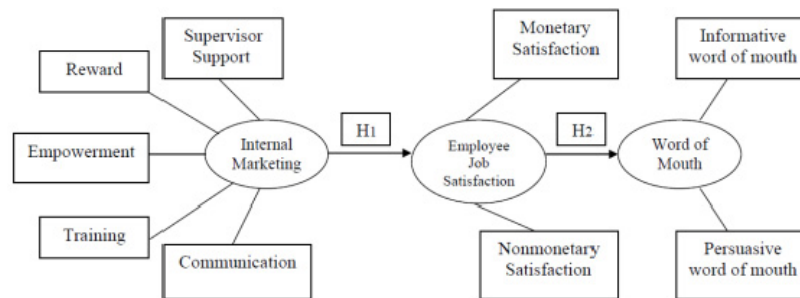


Figure 1. The conceptual model

## 2. Method

Since the objective of the present research is to determine causal relationships between internal marketing, job satisfaction and verbal word of mouth, it is an applied research and from the data collection point of view, it is a descriptive one of the correlation type and based on structural equations. Data collection tool here was the questionnaire. The confidence coefficient value was calculated using Cronbach's alpha method and in order to assess the validity of the questions, factor validity was used. Factor validity is a form of structural validity which is obtained through factor analysis. The statistical population of this research was all the employees of Saderat Bank branches in Guilan province. Based on the sampling formulation for a limited society (about 1000 people), a sample of 310 people were selected.

## 3. Results

As noted, all constructs were assessed using 5-point Likert type scales. Table 1 shows the descriptive statistics, Covariance's matrix and average variance extracted (AVE) for the model constructs. The convergent and discriminant validity of all variables were tested by confirmatory factor analysis using the maximum likelihood estimator of LISREL 8.73. Structural model analysis LISREL was used to create the covariance-based structural equation model (SEM). Structural equations express relationships among several variables that can be either directly observed variables (manifest variables) or unobserved hypothetical variables (latent variables). The result of models indices support a good overall model fit and shows that at the Table 2. Goodness of fit statistics shows the indices obtained for the model, and indicates that the model applied was quite acceptable. LISREL VIII was used to estimate the main effects of the model (see Figure 2). In a confirmatory factor analysis (CFA) by LISREL, Discriminant validity is shown when: (1) measurement items load more strongly on their assigned construct than on the other constructs in a CFA; and, (2) the square root of the average variance extracted (AVE) of each construct is larger than its correlations with the other constructs. In order to assess the reliability of measurement items, we compute composite construct reliability coefficients. Composite reliabilities range from 0.76 (for Reward) to 0.92 (for Monetary Satisfaction), which exceed the recommended level of 0.70. The results, therefore, demonstrate a reasonable reliability level of the measured items. The study model with the path coefficients and significance levels are given in Figure 2. In order to test the hypotheses, we examined the coefficients of the causal relationships between constructs, which would validate the hypothesized effects. Figure 2 and Table 3 illustrate the paths and their significance on the structural model. As shown in Figure 2, H1, H2, and H3 are significant at  $\alpha = 0.01$ . In statistics, a value is often required to determine how closely a certain function fits a particular set of experimental data. In this module, we have relied on the  $R^2$  value, computed in LISREL to determine how closely our data conform to a linear relationship.  $R^2$  values range from 0 to 1, with 1 representing a perfect fit between the data and the line drawn through them, and 0 representing no statistical correlation between the data and a line. Approximately, 88% of the variance Satisfaction ( $R^2 = 0.88$ ) is explained by Internal marketing. Approximately, 82% of the variance word of mouth ( $R^2 = 0.82$ ) is explained by Satisfaction and Internal marketing.

After confirming the convergent validity, we proceeded to assess the discriminant validity using the Fornell & Larcker (1981) method. Discriminant validity is the degree to which items differentiate among constructs or measure distinct concepts. The criterion used to assess this is by comparing the AVE with the squared correlations or the square root of the AVE with correlations. As shown in Table 1, we have used the second method which is to compare the square root of the AVE with the correlations. The criteria is that if the square root of the AVE, shown in the diagonals are greater than the values in the row and columns on that particular construct than we can conclude that the measures discriminant. From Table 1, it can be seen that the values in the

diagonals are greater than the values in their respective row and column thus indicating the measures used in this study are distinct. Thus the results presented in Table 1 demonstrate adequate discriminant and convergent validity.

Table 1. Means, standard deviations, Cronbach’s alpha, average variance extracted and discriminant validity

Variables	MSAT	NSAT	WOM	PWOM	SOS	RWD	EM	TRA	COM
Monetary Satisfaction	0.849								
Non-Monetary Satisfaction	0.54	0.806							
Informative word of mouth	0.51	0.58	0.787						
Persuasive word of mouth	0.57	0.52	0.51	0.872					
Supervisor Support	0.60	0.63	0.52	0.59	0.806				
Reward	0.64	0.61	0.42	0.39	0.57	0.812			
Empowerment	0.60	0.59	0.60	0.58	0.58	0.58	0.860		
Training	0.55	0.55	0.51	0.58	0.52	0.41	0.50	0.819	
Communication	0.51	0.57	0.51	0.54	0.52	0.52	0.51	0.58	0.806
<b>Mean</b>	<b>2.68</b>	<b>2.68</b>	<b>2.74</b>	<b>2.71</b>	<b>2.75</b>	<b>2.68</b>	<b>2.71</b>	<b>2.68</b>	<b>2.68</b>
<b>Standard Deviation</b>	<b>1.06</b>	<b>0.98</b>	<b>0.96</b>	<b>0.97</b>	<b>0.94</b>	<b>0.99</b>	<b>1.01</b>	<b>1.06</b>	<b>0.98</b>
<b>Average Variances Extracted</b>	<b>0.72</b>	<b>0.65</b>	<b>0.62</b>	<b>0.76</b>	<b>0.65</b>	<b>0.66</b>	<b>0.74</b>	<b>0.67</b>	<b>0.65</b>
<b>Competitive Reliability</b>	<b>0.92</b>	<b>0.86</b>	<b>0.88</b>	<b>0.82</b>	<b>0.87</b>	<b>0.88</b>	<b>0.76</b>	<b>0.87</b>	<b>0.90</b>
<b>Cronbach’s alpha</b>	<b>0.87</b>	<b>0.79</b>	<b>0.86</b>	<b>0.77</b>	<b>0.87</b>	<b>0.74</b>	<b>0.75</b>	<b>0.83</b>	<b>0.83</b>

Note. Diagonals represent the square root of the AVE while the off-diagonals represent the correlations.

Table 2. Index of confirmatory factor analysis

Index	Internal marketing	Satisfaction	Word of Mouth
Chi-Square/df	2.322	1.908	1.422
RMSEA	0.082	0.042	0.033
GFI	0.92	0.96	0.97
CFI	0.95	1.00	1.00
NFI	0.93	0.97	0.99
NNFI	0.94	1.00	1.00
RFI	0.93	0.99	0.98

Table 3. Path coefficients, t-value

Hypothesis	Path coefficients	T-value	Result
Internal marketing → Satisfaction (H1)	0.937	17.78**	Supported
Satisfaction → Word of mouth (H2)	0.907	19.33**	Supported
Internal marketing → Satisfaction → Word of mouth (H3)	0.840	17.688**	Supported

Note. \* |t|>=1.96 is Significant at p 0.05 level, \*\* |t|>=2.58 is significant at p 0.01 level.

Figure 2 demonstrate Research Model in Estimation and Significant situation:

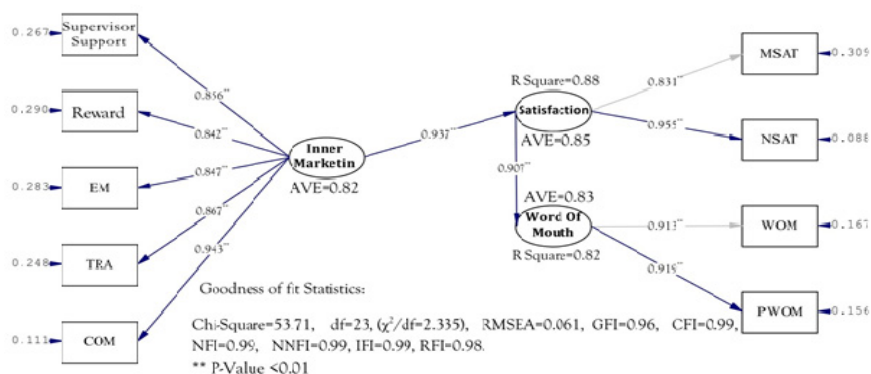


Figure 2. Research model in estimation and significant situation



#### 4. Discussion

According to the conceptual model and the results obtained from the path analysis model, it was found that the results of this research were convergent with those of the previous researches in terms of the existence of a suitable interaction between internal and external marketing in Saderat Bank. Also, research results indicated that internal marketing measures taken by this bank had a direct, positive and significant effect on the job satisfaction of the employees and an indirect, positive and significant effect on their word of mouth, while job satisfaction itself had a direct significant effect on employees' word of mouth.

Therefore, implementing internal marketing programs in the form of human resources management has a very significant effect on employees as they are considered as internal customers of banks which would in turn lead to attracting and keeping them. This measure also affects employees' job satisfaction. In addition, employees can only provide desirable services to external customers of the organization when they themselves are seen as internal customers by the bank.

The development of the implementation of internal marketing programs requires some necessary and suitable conditions some of which are as follows:

- Banks should have relations with universities and other research institutes so that they can get a better understanding of the principles and concepts of internal marketing. Also, bank managers and directors must actively take part in seminars and courses related to marketing and particularly, internal marketing.
- It is necessary for bank supervisors to handle employees' problems when they are in need of their support and meet their needs as much as possible. Moreover, they should create a supportive climate in the organization so that employees would provide higher quality services to customers and they must advise and encourage employees to develop customer-oriented behaviors and act accordingly.
- Organization's communications should emphasize on having a consistent relationship with its employees and on designing the bank environment in a way that it would facilitate employee communications. Additionally, organization news should be notified through official channels so that the spread of rumors are prevented.
- A suggestion system should be active throughout a bank, where senior organization officials are easily reached so that employees can ask them for help with regards to their own problems and those of the organization, which their respective managers are incapable to cope with. Employees must become involved in external communications. They should be informed about the objectives and outlooks of the organization's activities so that they can work along achieving them.
- The organization must hold necessary educational courses based on those skills required for employees to provide better services to customers. Such courses should emphasize on concepts such as customer relationship management, market oriented, and the importance of customers etc. Also, technological changes and evolutions along with the necessity of introducing new methods and learning them should be taken into consideration in these courses.
- A bank ought to give its employees necessary authority for solving problems proportionate to their abilities and entrust them with a specific amount of responsibilities in accordance with their skills. Since they have been extensively trained in terms of how they should confront customer problems, the bank must allow its employees to use their innovations to solve problems caused in customer interactions and make suitable decisions.
- A bank's reward system forms the employee motivation and is a tool for determining their behaviors. Those who have brilliant performances should receive worthy rewards and through suitable organizational benefits they must be encouraged to improve their performances and customer services. Also non-monetary reward like recognition by peers, can be significant motivational tools.
- The job satisfaction of the employees is both monetary and non-monetary. Therefore, a bank must take issues like fair payment and provision of satisfactory benefits to achieve job satisfaction into consideration, it should also emphasize on concerns such as suitable policies and regulations, desirable organizational supports, etc. so that employees would enjoy the job they have and be proud of working for a bank.

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