

**THE INFLUENCE OF CUSTOMER SATISFACTION ON WORD OF
MOUTH COMMUNICATION: A STUDY OF INDIVIDUAL LOCUS OF
CONTROL AS MEDIATION ROLE TOWARD CONVENIENCE
PRODUCT CONSUMPTION IN KODYA YOGYAKARTA**

A THESIS

Presented as Partial Fulfillment of the Requirements
to Acquire the Bachelor Degree in Management Department



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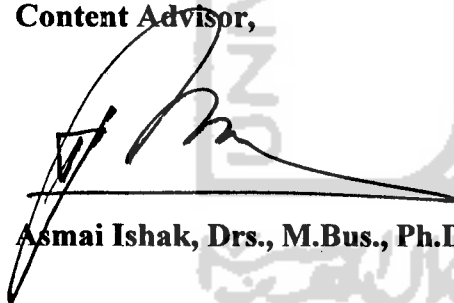
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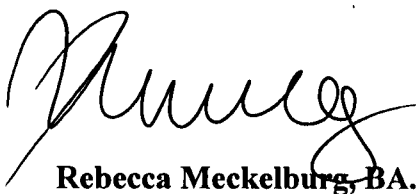
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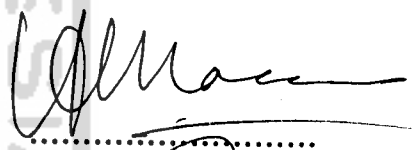
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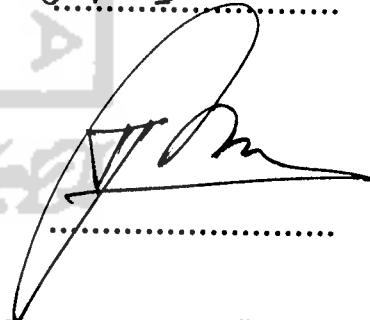
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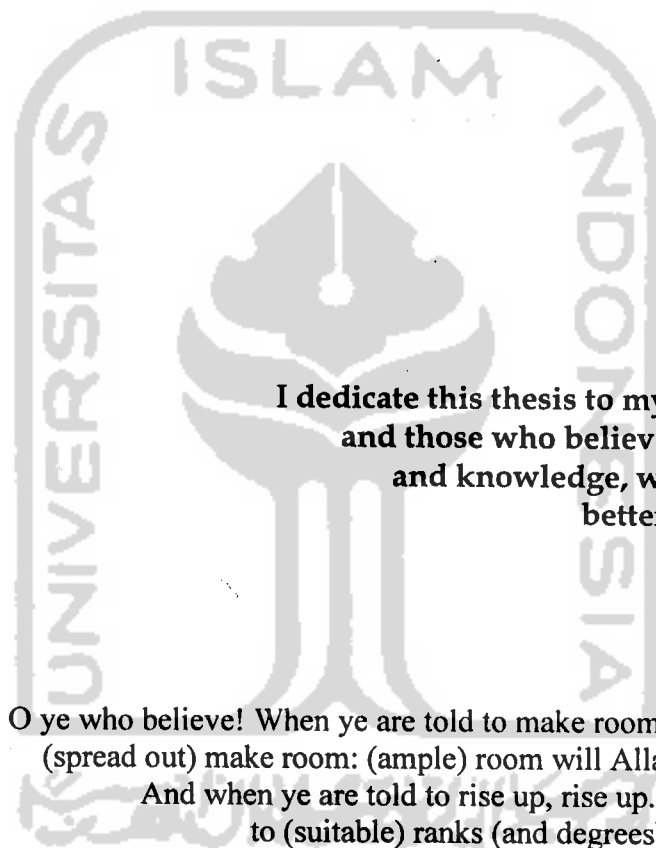
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DEDICATION



**I dedicate this thesis to my beloved family
and those who believe only with faith
and knowledge, world become the
better place to live in.**

O ye who believe! When ye are told to make room in the assemblies.
(spread out) make room: (ample) room will Allah provide for you.
And when ye are told to rise up, rise up. Allah will rise up,
to (suitable) ranks (and degrees) those of you who
believe and who have been granted knowledge.
And Allah is well-acquainted with all ye do.

Holy Qur'an, Al Mujaadalah: 11

Faith leads us to blessing of Allah and knowledge complete
us with precise ability to reach those blessing.

Nurcholish Madjid

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This thesis has been completed because of support from some people that I would like to thank and express my appreciation:

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Again, Alhamdulillah.

Yogyakarta, August 16, 2007

Guntur Eko Putra

STATEMENT OF FREE PLAGIARISM

Herein I declare the originality of this thesis which is none other precise similar work has ever presented in acquire any university degree, and as far as in my concern there is neither someone else's opinion nor published work, except acknowledged quotation relevant to the topic of this thesis which have already been stated on the thesis bibliography. If in the future this statement is not proven as it supposed to be, I am willing to accept any sanction complying with determinate regulation for its consequences.



Yogyakarta, August 30th, 2007

Guntur Eko Putra

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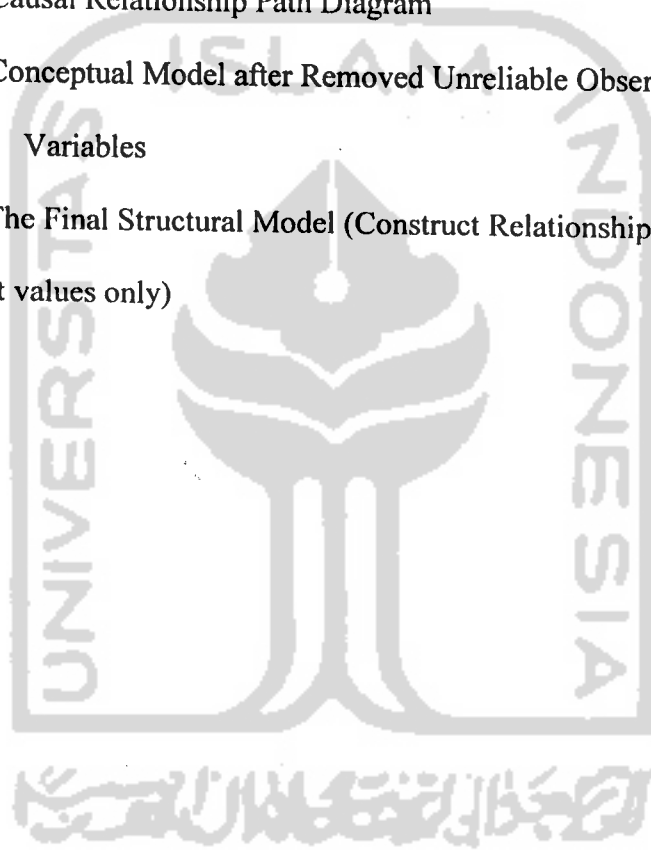
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ABSTRACT

Guntur Eko Putra (2007), **“The Influence of Customer Satisfaction on Word-of-Mouth Communication: A Study of Individual Locus of Control as Mediation Role toward Convenience Product Consumption in Kodya Yogyakarta”**. Yogyakarta: Faculty of Economics, Department of Management, International Program, Universitas Islam Indonesia.

This current study has been conducted in order to assess the role of individual locus of control within the people toward the occurrence of word-of-mouth communication. The theoretical concept of individual locus of control and word of mouth communication will be based on the research which has been executed by Desmond Lam and Dick Mizerski (2005) titled *The Effects of Locus of Control on Word-of-mouth Communication*. To enrich the research the additional variable as independent variable included, that is customer satisfaction. This research assumed that customer satisfaction and individual locus of control will determine people in doing word of mouth communication about product they consume. In this research, product mentioned is convenience one that is daily consumed and purchased by people.

To accomplish and analyze the causal relationship between those variables, the sample has been taken. The sample used in this research was 115 respondents who are the resident of Kodya Yogyakarta. The sample taken is those who have experience in convenience product selected. The selected convenience products are newspaper, toothpaste and instant noodle without mentioning any brand. The product chosen based on the frequency of purchasing and consuming start from most until rare frequent but still in term of convenience product based on the theory given. The questionnaire is used as the media to collect the information to analyze and evaluate hypotheses that have already been formulized before.

The result from statistical test indicates that the significance causal relationship only happened between customer satisfactions toward the occurrence of word of mouth communication in group. The rest of hypotheses have not proven of having the significant influence toward word of mouth communication. In other word, the individual locus of control, in the context of convenience product does not have the significant influence in occurrence the word of mouth communication.

ABSTRAK

Guntur Eko Putra (2007), **“The Influence of Customer Satisfaction on Word-of-Mouth Communication: A Study of Individual Locus of Control as Mediation Role toward Convenience Product Consumption in Kodya Yogyakarta”**. Yogyakarta: Faculty of Economics, Department of Management, International Program, Universitas Islam Indonesia.

Penelitian ini dilakukan dengan tujuan untuk mengevaluasi peran kepribadian individu terhadap terjadinya komunikasi dari mulut ke mulut. Konstruk kepribadian individu yang digunakan adalah *locus of control*. Konsep teori yang diangkat dan dikembangkan di dalam penelitian ini berdasarkan dari penelitian yang pernah dilakukan oleh peneliti sebelumnya, Desmond Lam dan Dick Mizerski (2005) dengan judul *The Effects of Locus of Control on Word-of-mouth Communication*. Untuk memperkaya penelitian ini, variabel tambahan sebagai variabel mandiri diikut sertakan, yaitu variabel kepuasan pelanggan. Penelitian ini mengasumsikan bahwa kepuasan pelanggan dan peran *locus of control* dari individu akan mempengaruhi seseorang untuk melakukan komunikasi dari mulut ke mulut tentang produk yang telah mereka konsumsi. Produk yang dimaksud di dalam penelitian ini adalah produk *convenience*, yaitu produk yang dikonsumsi dan dibeli oleh konsumen untuk kebutuhan mereka sehari-hari.

Untuk menganalisa hubungan sebab akibat dari variabel-variabel yang disertakan di dalam penelitian ini, sampel di Kodya Yogyakarta dan berjumlah 115 orang. Responden yang diambil adalah mereka yang mempunyai pengalaman mengkonsumsi produk *convenience* yang dimaksud. Produk itu adalah surat kabar, sikat gigi dan mie instan tanpa menyebutkan merk produk yang bersangkutan. Produk yang dipilih berdasarkan frekuensi pemakaian dari yang paling sering sampai jarang, tetapi masih di dalam pengertian produk *convenience* menurut teori yang disertakan. Untuk mengumpulkan informasi untuk menguji hipotesis yang telah diformulasikan sebelumnya, digunakan media kuesioner.

Hasil dari tes statistik mengindikasikan bahwa pengaruh signifikan antara variabel hanya terjadi pada hubungan antara kepuasan pelanggan dan komunikasi mulut ke mulut dalam kelompok. Sementara hipotesis yang lain tidak terbukti mempunyai pengaruh yang signifikan pada terjadinya komunikasi dari mulut ke mulut. Dengan kata lain, peranan *locus of control* tidak mempunyai pengaruh yang signifikan terhadap terjadinya komunikasi dari mulut ke mulut.

CHAPTER I

INTRODUCTION

I. I. Study Background

Marketing activities are mostly about how the company strives to provide the satisfaction to their customer. The reason for this important thing is because “the source of company’s sale generally comes from two basic groups, which are new customers and retained customers. It usually cost more to attract new customers than to retain current ones, and the best way to retain customers is to keep them satisfied. Satisfied customers will buy product again, talk favorably to others about the product, pay less attention to competing brands and advertising, and buy other products from the company.” (Kotler, 1996:166). Communication Word-of-mouth as the result of satisfaction is one of reasons why keep satisfied customer is important. Word-of-mouth activity has been shown to influence a variety of buyer conditions, including awareness, expectations, perceptions, attitudes, behavioral intentions and behaviors (Reingen, 1987).

Knauer (1992) through US Office of Consumers Affair found that one dissatisfied customer can be expected to tell nine other people about the experiences that resulted in the dissatisfaction. Satisfied customers, on the other hand, relate their story to an average of five other people. Other evidence the satisfaction is significance for the company because a dissatisfied customer in one study tends to

complain about the company to more than 20 people (Desatnick: 1987). Mangold et al. (1999) found the three key factors most likely to stimulate word-of-mouth communications were a strongly felt need on the part of the word-of-mouth receiver, coincidental communication between word-of-mouth communicator and receiver relating to a broader subject and a high level of satisfaction or dissatisfaction with the product on the part of the word-of-mouth communicator. It shows clearly that good evaluation in experiencing the product will spread slower than bad experience and can quickly affect another consumer behavior toward the company and its product.

WOM Communication is used by the consumer to facilitate them in their purchasing decision making. A rationale for the use of WOM in assisting in making purchase decisions is that it shares the cost of information provision and acquisition between individuals and firms (Burke, 1996; Silverman, 1997). Beside the cost of information use as consideration, the saving time factor also plays the role; Christiansen (2000) mentioned that as consumers become even more time starved in their daily lives, it is likely that they will increasingly turn to shared product experiences in order to assist in purchase decisions. Word-of-mouth Communication also use as the tool to justify their need. WOM can be considered to be diagnostic in nature “to the degree that consumers believe that the decision implied by that input alone would accomplish their decision goals (e.g. maximize utility, choose a justifiable alternative, and so on)” (Lynch et al., 1988).

WOM Communication as the social activities can not be controlled by the marketer or company although they realize the importance of WOM. It is a common

belief among many companies that consumer word-of-mouth communication is uncontrollable (Wilson, 1994; Lovelock, 2001) and that it is sufficient to stimulate positive word-of-mouth behavior simply by positive product experiences (Gremler et al., 2001). Beside the experience in using the product, there are many factors why customers do WOM Communication. Dichter (1966) identified four categories of motivations for engaging in Positive WOM: product involvement (to retrieve tension or excitement caused by the use of product), self enhancement (to gain attention, show connoisseurship, seek reassurance from others), other involvement (to help others), and message involvement (to share exposure to unique or intriguing advertisement or selling appeals). Word-of-mouth communication among consumers is also affected by other external factors, such as incentives, social network structures, business climates, cultures and individual personalities (Buttle, 1998). The influence of individual personality in particular is often cited as a very important factor.

WOM Communication is existed because of the reliance of customer in doing their shopping pattern. Holbrook and Howard (1977) mentioned that a consumer may seek information from advertising, word of mouth or other sources prior to the shopping trip. This implies reliance by the consumer on the seller's promotional efforts and the existence of this reliance for both durable (specialty goods) and nondurables (preference goods). Holbrook and Howard actually classified the product based on three dimensions – (1) product characteristic (magnitude of purchase and clarity of characteristic), (2) consumer characteristic (ego involvement and specific self confidence, and (3) consumer responses (physical shopping and mental effort).

This shows us that individual personality also plays the role in pattern of consuming product.

Among the concepts to measure and describe the individual personal, the mostly used is Locus of Control (LOC) concept. It is one of the most widely studied personality concepts (Matsumoto, 2000) and has often been used for predicting employees' behavior (Spector, 1988; Spector et al., 2002) in organizations. The locus of control construct captures individuals' general and daily expectancies about the causes of their reward and punishment (Rotter, 1966). In general terms, locus of control refers to person's belief about control over events. Some people feel personally responsible for the things that happen to them. These people may be labeled as internals. Other feels that the outcomes in life are determined by forces beyond this control, for instant fate, luck or other people. These people may be labeled as external (Blass: 1977; Rotter 1966). Therefore, locus of control defined as the degree to which the individual perceives that the reward (obtained) follows from or is contingent upon his own behavior or attributes (Rotter, 1966).

WOM Communication as social activities involve interaction among people will create the social network. Lam and Mizerski (2006) mentioned that in terms of social network consumers in general interact with people that are associated with them with varying degrees of tie strength, ranging from strong (e.g. family and close friends or in-groups) to weak (e.g. acquaintances or out-groups). Therefore, In-group relationships are characterized by a good degree of belongingness, familiarity, intimacy and, very importantly, trust (Watkins and Liu, 1996; Matsumoto, 2000).

These characteristics create strong ties between members of in-groups. On the other hand, out-group relationships lack the above characteristics, thereby leading to weaker ties between its members (Matsumoto, 2000). By this assumption, Lam and Mizerski (2005) found that there are difference influence occurred between internal and external LOC toward in-group and out-group.

As mentioned before that customer satisfaction is one of the requirements in creating the word-of-mouth communication. Mangold, et al (1999) mentioned that About 9 percent of the WOM incidents in the study were stimulated by the communicator's satisfaction or dissatisfaction. Significantly, these incidents were more than twice as likely to include negative, rather than positive content. The basic assumption of this research is the satisfied or dissatisfied customer will not directly create the word-of-mouth communication, it depend on the personality the customers themselves. There has been many research conducted in the word-of-mouth communication study, but the research that emphasize to the personality as the mediator of customer satisfaction in creating WOM communication has not established yet. Thus, this study hopefully will be done to complete the WOM communication study.

1. 2. Problem Identification

The background of the study abstractly gives the understanding there is the relationship between customer satisfaction, word-of-mouth communication and

existing locus of control. Begin from that, this research will try to investigate the causality relationship among those variables. This research will emphasize whether locus of control has the mediation role between the satisfactions of customer in consuming the product toward the occurrence of word-of-mouth communication in post-consumption activities. The product that will be investigated is the convenience product.

I. 3. Problem Formulation

Based on the background study and problem identification explained above, there are relationship happened among the customer satisfaction, personal personality and the word-of-mouth communication. The question that this study will try to respond about that relationship is, “Does individual personality have the role as mediator in creating the word-of-mouth communication?” From this global question, the specific questions that will try to answer through the study are:

1. Does customer satisfaction influence the individual personality and the word-of-mouth communication activities on consumption of convenience product?
2. Does individual personality influence or play the role in occurrence the word-of-mouth communication on consumption the convenience product?

I. 4. Research Objectives

The objective of this research is to examine the causality relationship that happened among the customer satisfaction, personal personality and word-of-mouth communication. The customer satisfaction significantly will create the word-of-mouth communication but the process of creating communication, the individual personality should be also considered. The result of this research could be expected to expose the existence the role of personal personality as mediator between the customer satisfaction and word-of-mouth communication. Many strategies applied in the marketing to encourage the satisfaction and finally ended with hope the word of mouth communication existed in positive sense, but the individual personality as inherent thing in the human life is the matter in this research. Therefore, this research hopefully can give description of how the individual personality has the role in marketing activities, especially in word-of-mouth communication. This study in WOM communication field hopefully besides as an effort to complete the studies in the same field which have been conducted before, but also give the marketing practitioners in organizing the strategy to encourage the establishment of word-of-mouth communication especially in the context of convenience product.

1. 5. Research Limitation

To make easier in doing this research, some limitation will be applied. The limitations are:

1. This research is limited by the sample used who only the resident of Yogyakarta regency.
2. This research limited by the sample used who only has the past experience in consuming the convenience product.
3. The product investigated in this research only some selected convenience product, such as newspaper, toothpaste and instant noodle.

1. 6. Research Contribution

Philip Kotler and Gary Armstrong (1996) in their book "Principles of Marketing" mentioned that building the good relationship to customer will follow the profitable transaction. This is called as concept of relationship marketing. Relationship marketing then defined the process of creating, maintaining, and enhancing strong, value-laden relationship with customers and other stakeholders. Through the personality of customer, the result of this research is expected not only contribute the theoretical aspect but also the practical to marketing practitioner in order to create the relationship to customer better by understanding their personality.

Therefore the communication that happened between the practitioner and customer can be easier because personality is considered.

In theoretical, at least there are this research will contribute two things. First, this research will contribute the empirical evidence about personal personality as the mediator to customer's satisfaction toward the word-of-mouth communication. This becomes important because this phenomenon still don't get the enough awareness yet among the marketing researchers. Second, the WOM communication study will be more completed by contributing the empirical evidence about WOM communication in Indonesia context as the develop country while generally the similar researches are mostly conducted in the progressive country.

For marketing practitioner, this research will contribute the comprehensive representation about the importance of customer's satisfaction in encouraging the word-of-mouth communication. As mentioned before that WOM communication is more powerful in influencing the customer and can be used as the costless promotion activity. Besides that, the result of research will help the marketing practitioner to identify the market whether the community living in it easy to receive and transform the WOM communication. This understanding will assist in organizing their product's marketing strategy.

1. 7. Definition of Terms

Since this research will highlight in the customer satisfaction, word-of-mouth communication, locus of control and convenience product, here are the definition of each term:

1. Customer Satisfaction

Philip Kotler and Gary Armstrong (2001) give the definition of customer expectation as:

The extent to which a product's perceived performance matches a buyer's expectations. If the product's performance falls short of expectation, the buyer is dissatisfied; conversely, if performance matches or exceeds expectation, the buyer is satisfied or delighted.

Anderson et al. (1994) offered two definitions of customer satisfaction, in accordance with the two broad classes of customer experiences identified by the literature (i.e. transaction specific experiences and cumulative experiences). In the case of a transaction-specific experience, customer satisfaction is defined as

The post-choice evaluative judgment of a specific purchase occasion.

In the case of a so-called 'cumulative' experience, customer satisfaction is

determined as a result of a customer's evaluation of his or her total purchase and consumption experience over time.

2. Word of Mouth communication (WOM)

Nickels, et al (2002) gives straightforward definition of word of mouth, that is

A promotional tool that involves people telling other people about products they have purchased.

Westbrook (1987 261) defined the WOM as

informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services and/or their sellers

3. Locus of Control

Rotter (1966) define locus of control as:

The degree to which the individual perceives that the reward (obtained) follow from or contingent upon his own behavior or attributes.

4. Convenience Product

According to Kotler and Armstrong (2001), convenience product is

Consumer product that the customer usually buys frequently, immediately, and with a minimum of comparison and buying effort.

While, from the marketer perspective, Enis and Roering (1980) defined that

Convenience products are those attribute bundles perceived to be low risk and expected to be worth little effort, thus the marketer must

efficiently produce and distribute a product which is difficult to differentiate in terms of either product offering or marketing program.



CHAPTER II

LITERATURE REVIEW AND HYPOTHESES

2. 1. Introduction

The background of the study in the previous chapter gives us an insight about the customer satisfaction that generates the occurrence of word of mouth communication. Then, the existence of word of mouth communication sometimes also happened as the effect of external factors such as incentives, social network structures, business climates, cultures and individual personalities (Buttle, 1998). This research will examine the causality relationship among those three variables, customer's satisfaction, individual personality and word-of-mouth communication. This chapter will describe in detail about those variables. The previous research, such as Burke (1996), Silverman (1997) and Christiansen (2000) mentioned that time and cost of information factors generally became the reason WOM communication occurred. For the reason that information search as one of the stages in decision making process, the further description about it is required. This research is limited to only the convenience product, then the description about it also included. Since, this research examines the causality relationship about individual personality as mediator between satisfaction and communication, the finding about that relationship will be added in this chapter.

2. 2. Decision Making Process

WOM communication generally happened in the process of decision making. The main purpose of individuals purchase such kind of product is to meet their expectation, for that reason the search of information become necessary. Nowadays, many source information available for consumer to make up their mind about what kind of product they interested in. But consumers generally cannot process all of the information that is available to them for purchase decisions, they often engage in simple guides for simplifying their information-seeking and decision-making processes. Word-of-mouth communication helps to reduce the amount of information that must be processed in order to make a decision (Duhan et al., 1997). WOM communication is an important source of consumer information; it forms the basis of interpersonal influence and determines the relevance of information (e.g., Mahajan, Muller & Bass, 1990)

There are many models attempt to explain the consumer decision making, Pellemans (2001) describe three models that comprehensively explain about this matter. Those models are Nicosia Model, Model of Consumer Motivation and Behavior and Howard and Sheth Theory of Buyer Behavior.

The Nicosia Model divides the process of decision making into four fields. First field is the phase where output of company in the form advertising message reaches the consumer then followed by psychological attributes that compose to their attitude and behavior toward the product. After that, the phase of evaluation of

advertised product occurred along with compared to other product alternatives as well. This second field may or may not become the motivation to buy that product. The third field deals with the transformation of motivation into purchasing action. After consuming the product, then come the fourth field that is storage or use the purchased product and the output is feedback of sales result to the business firm and retention of the consequences of the purchase in the buyer's memory.

Model of Consumer Motivation and Behavior attempt to expand the field one that consumer is not only defined by their psychological attribute but also the memory as the centre of psychological command such as past information and experience. This memory is necessary because whatever human conduct consciously and unconsciously come from the past experience. This past experience and experience then form value and attitude which defined as an organization of concept, beliefs, habits and motives associated with a particular object. All of those attribute of individual whether internal or external source can not be used in decision making process if there is no need activation. This activation can be triggered from their sensory receptor or awareness of an external stimulus. After attribute and need activation then the decision making process through search of product alternatives, evaluation of product alternative, purchasing and outcome of purchase. The systematic phase is presented in the figure as follow:

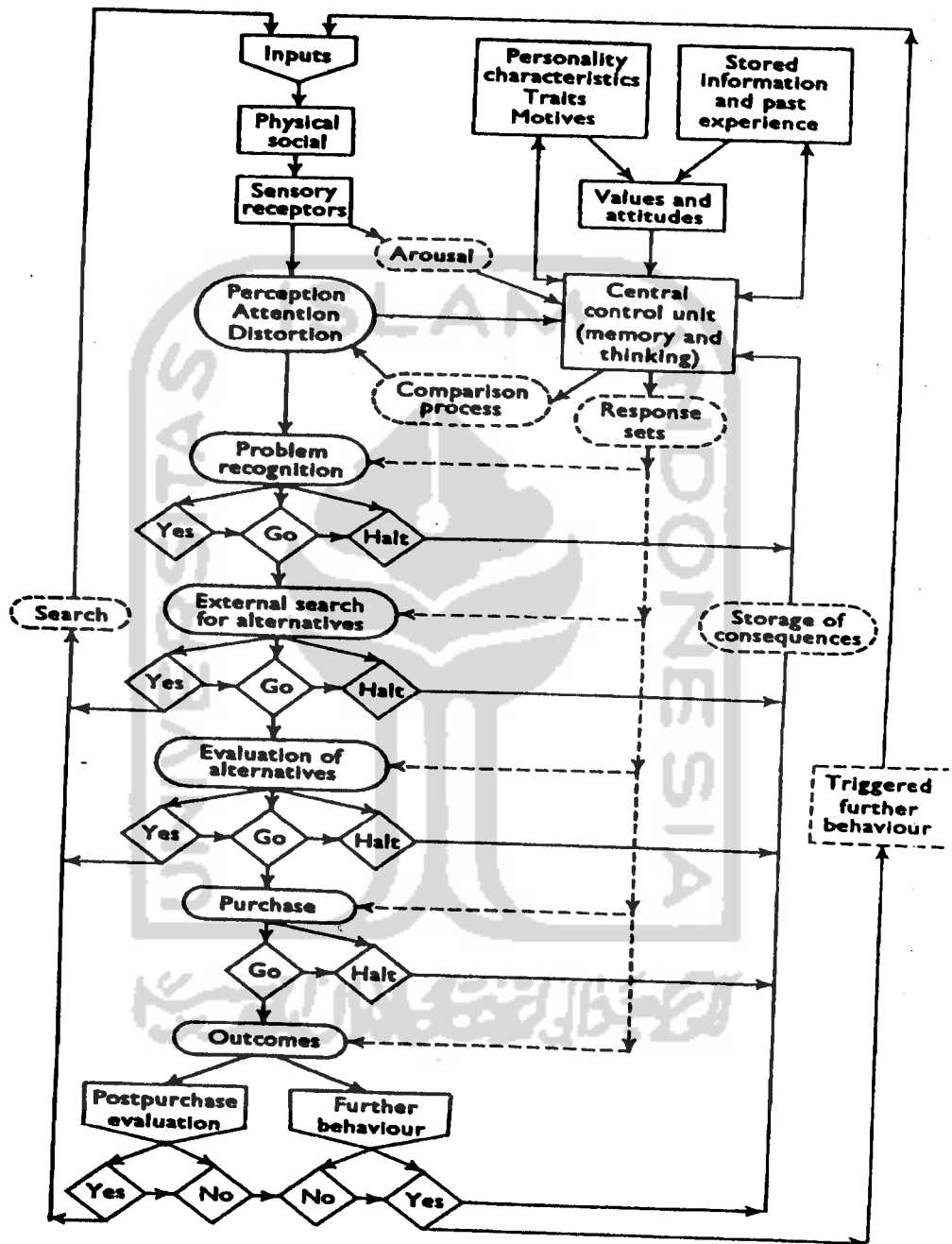


Figure 2. 1. Model of Consumer Motivation and Behavior

Howard and Sheth Theory of Buyer Behavior articulate the model based on how much information the buyer needs to make his decision to buy. These three different buying processes are:

1. Routinized Response Behavior deals with a brand familiar to the buyer who needs relatively little information.
2. Limited Problem Solving applies to the situation where a buyer is being confronted with a new, unfamiliar brand and has a need for item in that familiar product class.
3. Extensive Problem Solving occurs when the buyer is confronted by an unfamiliar brand in an unfamiliar product class.

The figure of this theory presented as follow:

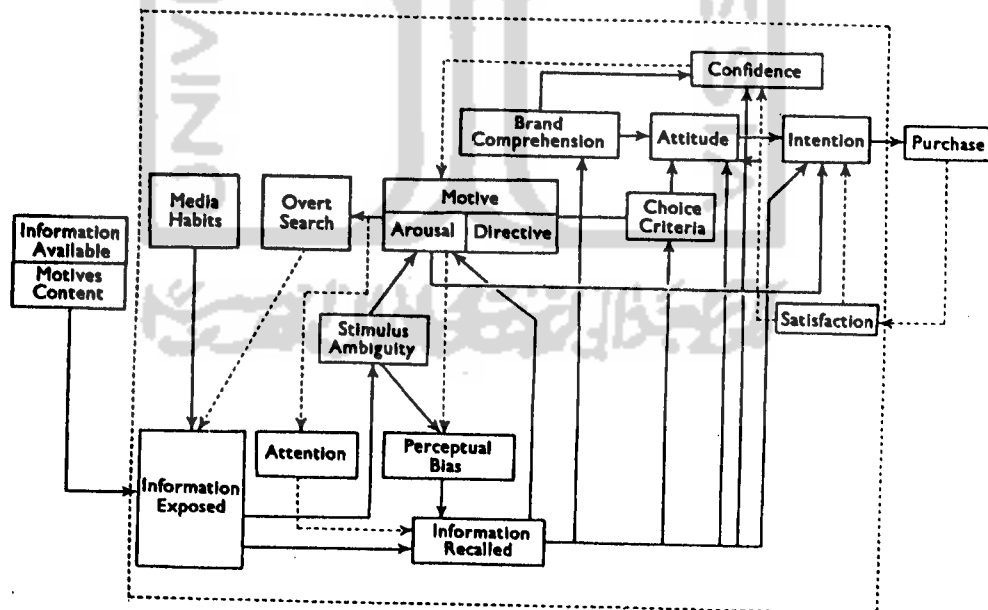


Figure 2. 2. Howard and Sheth Theory of Buyer Behavior Model

Information search is emphasized in the three models. Pellemans even said the search of information is most likely to occur in non-routine decision. Kotler (2001) mentioned that consumer can obtain the information from many sources but the most effective sources, however tend to be personal. Commercial source such as advertising, salespeople, etc normally inform the buyer, but personal source legitimize or evaluate products for buyer. That is the reason why building WOM communication becomes the strong interest for company. First, WOM is convincing because this is the only method that is of consumer, by consumer, and for consumer. Second, the cost is relatively low. Keeping in touch with satisfied customers and turning them into WOM advocates cost the business relatively little.

2.3. Individual Personality and Communication

Individual engage in word of mouth communication because of many things, both internal and external factor. Buttle (1998) mentioned that one of those factors is individual personality. Some researcher already found there is relationship between personality and how people communicate to other people. The way people communicate, by some researcher called the communication style. Norton (1983) defined the communication style is the way one verbally, nonverbally, and paraverbally interacts to signal how literal meaning should be taken, interpreted, filtered and understood. The communication style tries to give understanding of how people communicate rather than the content of communication. Norton further

conceptualize communicator style as consisting of nine variables, which are friendly, animated, attentive, contentious, dramatic, impression leaving, open, relaxed, dominant and one dependent variable, which is communicator image. However, the other researcher argued that the communicator style is much like the personality concept that is inherent in human being.

Eysenck (1970) defined personality as “a more or less stable and enduring organization of a person’s character, temperament, intellect, and physique, which determines his unique adjustment to the environment.” One of the concepts of personality is The Myers-Briggs personality type theory. In this theory, one thing that differentiates among human being is how they interact and react to their experience. Loffredo (2003) mentioned that human being differ in whether they focus more on their inner world experience, Introversion (I) or the outer world of experience, extraversion (E). Loffredo and Opt (2001) argued that individual who preferred extraversion, intuition, and thinking had a greater tendency to be argumentative than those who preferred introversion, sensing, and feeling. Individual who preferred introversion or sensing reported significantly higher levels of communication apprehension in general and across the group, dyadic, meeting, and public context than did individual who preferred extraversion or intuition.

McCroskey and Richmond (1987) developed the concept of Willingness to Communicate (WTC). They maintain that people demonstrate regularity in their level of WTC across situation; therefore it should be defined as personality trait. This trait is manifested by the stability in an individual’s cognitive processes when confronted

with the choice to engage in communication or not (MacIntyre and Clement, 1996). The research done by the Clement et al (1999) found that extraverts tend to be socially active individuals and therefore, tend to have more opportunities to gain communicative experience. It showed that the willingness of communication of extravert is higher than those who are introvert.

Personality traits are a reflection or composite of one's temperament (Mottet, 2004). Extroversion (E), Neuroticism (N), and psychoticism (P) make up the most parsimonious set of personality trait (Eysenck, 1971). Further Eysenck gave the characteristic of each classification of trait. Extraversion individual tend to be sociable and assertive. The opposite of the extraversion is introversion. Neurotic people tend to be emotional and anxious. Psychotic individual tend to be aggressive, antisocial and tough-minded. Variety communication traits are related to extraversion, neuroticism, and psychoticism, such as communication apprehension. The research done by Mottet (2004) about interpersonal communication motives found that extraversion was positively correlated with pleasure, affection, inclusion, escape, and relaxation, and was uncorrelated with control. The result of research showed that extrovert has more motives for communicating rather than neurotic or psychotic. Neurotic individual tend to be more anxious and emotional, they might be more motivated to communicate for inclusion, escape, and in control in attempts to suppress their anxiety. While, psychotic individual would not enjoy communicating with others for pleasure, affection, inclusion and relaxation.

2. 4. Nature of Convenience Product

This research will be emphasized on the WOM communication in the case of convenience product. Convenience product is actually one kind of product that have already classified by marketing expert. The theory of product classification is developed over the decade. Sheth, Gardner and Garrett (1988) in their Marketing Theory: Evolution and Evaluation summarize the development in this field, the classification of product.

The main reason of classification product is to give distinct activity toward intended product that will provide benefit for both academic and practitioner in marketing. Melvin Copeland (1925) asserted that the classification of a product into one of these groups facilitates the determination of the kind of store through which market for a specific product should be sought, the density of distribution required, the methods of wholesale distribution to be preferred, the relations to be established with dealers, and in general the sole burden which the advertising must carry.

However, Melvin Copeland is not the first person established the product classification, even though he usually cited by most marketing student. The former to establish this system is Charles Parlin in 1912. He suggested three categories of product called women's purchases. Regarded to convenience good, he asserted that:

“Convenience goods are article of daily purchase such as groceries, aproningham, children's stockings and, in general, those purchase which are insignificant in value or needed for immediate use. These goods are, to considerable

extent, bought at the most convenient place without comparison of values and the fact that they are bought as a matter convenience grocery stores and the cross roads general stores. An examination of the stock of one of the suburban stores will give one who is interested in pushing the inquiry further, an exact list of convenience good”

The convenience good, according to Parlin is not significant in its value and use for immediate purpose. This immediate behavior then explained further by the next prominent classification that has been offered by Melvin Copeland in 1923. He himself said that his work is the improvement from what Parlin done. Copeland argued that all consumer goods could be labeled as either convenience goods, shopping goods, or specialty goods. Concerning to convenience good, he stated that:

“Convenience good are those customarily purchased at easily accessible stores...the consumer is familiar with these articles; and as soon as he recognizes the want, the demand usually becomes clearly defined in his mind. Furthermore, he usually desires the prompt satisfaction of the want...The consumer is in the habit of purchasing convenience goods at stores located conveniently near his residence, near his place of employment or on a route traveled regularly purchase other than buying trips.”

For scholar who classified the product, term convenience is not always use. Leo Aspinwall, for example, uses the color name to label the product he classified. Aspinwall (1958) chose five characteristic for classifying goods, which are replacement rate, gross margin, adjustment, time of consumption and searching time.

He classified product into three, which are Red Goods, Orange Goods, and Yellow Goods. However, in his classification, convenience good matches very well with red goods comparing to the work of Parlin and Copeland. The red goods is good which has high replacement rate, low gross margin, low adjustment, low time consumption and low searching time.

The classification of product sometimes look inappropriate for some extent, this problem come out from Richard Holton (1958) who argued that since items which are shopping goods for some consumers may be convenience goods for other, convenience good and shopping goods can be defined accurately only from the standpoint of the individual consumer. Further, he explained that, "it may be sufficient to say that, for the individual consumer, convenience goods are those goods for which the probable gain from making price and quality comparison among alternative sellers is thought to be small relative to the consumer's appraisal of the searching cost in terms of time, money and effort."

The attack to the initial idea of classification also has been executed by Bucklin (1962). He suggested that the distinction among products should be made between shopping goods and non shopping goods. According to Bucklin, the nonshopping may be divided into two categories, convenience goods and specialty goods. To explain this matter, he offered the following rationale:

"Clearly, where the consumer is indifferent to precise item among a number of substitutes which he could buy, he will purchase the most accessible one and look no further. This is a convenience good. On the other hand, where the consumer

recognizes only one brand of a product as capable of satisfying his needs, he will be willing to bypass more readily accessible substitute in order to secure the wanted item. This is a specialty good.”

Because of the new approach of Bucklin to classification, another scholar attempt to use another discipline to reanalyze and challenge the classification system. Kaish (1967) attempted to apply the theory of cognitive dissonance from psychology to the commodity school of marketing. Kaish propose the definition of convenience good as:

“Goods in which purchase is not important to the consumer, either because of low purchase, low durability, or low ego-involvement. Usually, there is consumer acceptance of a number of suitable substitutes for the utilities sought, and, as a result, there is a minimum of pre-purchase anxiety that the purchase decision will later prove to be inappropriate and another would have been better.

There are many other scholars in developing this classification system of product. However, regarding to decision making process explained in the precious section, Murphy and Enis (1986) stated that:

“One purpose of any product classification scheme is to guide managerial decision making. A comprehensive and consistent marketing strategy should be based upon product characteristics as perceived by buyers. The product classification suggested here provides a managerial road map for strategy development: buyer’s perception, marketer’s pbjectives and basic strategy, and specific strategies for each element of marketing mix.”

2. 5. Conceptual Framework

2. 5. 1. Word-of-mouth (WOM) Communication

The studies about WOM communication have been conducted since many years ago. The research literature on word-of-mouth communications largely began after the Second World War (e.g. Katz and Lazarsfeld, 1955; Arndt, 1967). Previous research on word-of-mouth communications has primarily focused on the antecedents and consequences of communication, in particular on negative information (Wilson and Peterson, 1989; Mangold et al., 1999). Loyal customers engage only in negative WOM and only when they are dissatisfied (Godes and Mayzlin: 2004). However, some research WOM communication happened as the result both positive and negative experience. Richins (1983) found that the tendency to engage in negative WOM was positively related to the level of dissatisfaction and negatively related to the consumer's perception of the retailer's responsiveness to complaints. This research will be focused both on the positive and negative WOM toward the product.

The satisfaction is not the only reason for incidence of word of mouth communication. Bone (1992) mentioned that word of mouth can be partially explained by four aspects, which are: (1) social tie strength, (2) the presence or absence of an individual taking a committed decision maker role, (3) consumer satisfaction and (4) perceived novelty. Belk (1971) explained that WOM is most likely occurring when individuals are in close proximity to a product. Indeed, when

the product consumed in group, the WOM communication is occurred more often. That is conclude word of mouth communication is social group phenomenon.

Word of Mouth Marketing Association (WOMMA) in their site defined the WOM communication is simply the act of consumers providing information to other consumers. Arndt (1967) was one of the earliest researchers into the influence of WOM on consumer behavior. He characterized WOM as oral, person-to-person communication between a receiver and a communicator whom the receiver perceives as non-commercial, regarding a brand, product or service. Word of mouth (WOM) is commonly defined as informal communication about the characteristics of a business or a product which occurs between consumers (Westbrook, 1987). Silverman (2001) more clearly defined the WOM as the communication about product or service between people who are perceived to be independent of the company providing the product or service, in a medium perceived to be independent of the company. These communications can be conversation, or just one way testimonial, they can be live or canned. They can be in person, by telephone, email, list group, or any other means of communication. They can be one to one, one to many (broadcast) or group discussion. But the essential element is that they are from or among people who are perceived to have little commercial vested interest in persuading someone else to use the product and therefore no particular incentive to distort the truth in favor of the product or the service.

While WOM communication for communicator use to transfer the information about certain product or brand, the receiver use WOM communication to

simplify their purchasing decision making. Consumers generally cannot process all of the information that is available to them for purchase decisions, they often engage in simple guides for simplifying their information-seeking and decision-making processes. Word-of-mouth communication helps to reduce the amount of information that must be processed in order to make a decision (Duhan et al., 1997). WOM communication can affect the behavior of customers toward their purchasing decision. Word-of-mouth activity has been shown to influence a variety of buyer conditions, including awareness, expectations, perceptions, attitudes, behavioural intentions and behaviours (Reingen, 1987). For this reason, WOM communication seems more promising in transferring information rather than advertising. It has been widely reported to be many times more influential than information from newspapers and magazines, personal selling and radio advertising (Katz and Lazarfeld, 1955; Herr et al., 1991). Even for the late entrant of market, the WOM communication is the effective tool to face the market competition. Arndt (1967) mentioned that late entrant can use other means of communication such as advertising, promotions, and public relations that promote surrogate positive WOM. However, these other means of communications are likely to generate less powerful effects, as they are either impersonal or paid forms of communication. In contrast, WOM is personal, unpaid means of communication, and hence more credible. It is clearly stated that WOM is more trusted than other form of promotion (Silverman, 2001). Further, Silverman declared that three way to avoid work but still get the job done and profit are: (1) the best way to increase profit is to accelerate favorable product decision, (2) the best

way to accelerate product decision is to make them easier, and (3) the best way to make decision easier is to deliver word of mouth, instead of confusing, low credibility information in the form advertising, salespeople, or other traditional marketing.

Since WOM communication is the group phenomenon, this research divide WOM communication into two, which are in-group and out-group communication. In-group word-of-mouth communication is communication between people who share a close relationship or strong ties such as between close friends and family. According to Triandis (1995), in-groups are groups of individuals about whose welfare a person is concerned, with whom that person is willing to cooperate without demanding equitable returns, and separation from whom leads to anxiety. In-group relationships are characterized by a good degree of belongingness, familiarity, intimacy and, very importantly, trust (Watkins and Liu, 1996; Matsumoto, 2000). Whereas, out-group word-of-mouth communication is communication between people with weaker ties such as people other than friends and family (Matsumoto, 2000). This research expects the difference between the influence of customer's satisfaction and the individual personality toward those two groups.

2. 5. 2. Locus of Control

Intensity and frequency of WOM communication is influenced by some external factors, such as incentives, social network structures, business climates, cultures and individual personalities (Buttle, 1998). From those factors, the individual

personality is considered as the most important one to create the WOM communication (Lam and Mizerski, 2005)

The locus of control (LOC) is an important construct describing individual differences. It is one of the most widely studied personality concepts (Matsunoto, 2000) and has often been used for predicting employees' behaviour (Spector, 1988; Spector et al., 2002) in organizations. Rotter (1966) defines the LOC as:

"The degree to which the individual perceives that the reward (obtained) follows from or is contingent upon his own behavior or attributes"

The central concept of the Locus of Control Theory is that individuals differ in the extent to which they attribute their performance to internal or external forces. Individuals with Internal Locus of Control attribute the cause of events in their lives to their own actions whereas individuals with External Locus of Control assume these events to be determined by external forces. This theory first operationalized by Rotter (1954, 1966) and with many subsequent studies adopting its use (Lefcourt, 1981), the construct was originally conceptualized as unidimensional, with the internal and external loci of control on either end of its axis. In fact, previous research has found the internal and external loci of control to be mutually exclusive (Rotter, 1966). Since its initial development Rotter's (1966) locus of control scale has undergone several changes. For example, Levenson (1974) developed a multi-dimensional scale as an alternative to Rotter's (1966) scale. This scale, which is now widely accepted as an alternative, includes three dimensions: internal, powerful others and chance. This

research will stay use the construct that has been developed by Rotter which LOC is measured with two dimensions: internal and external LOC.

Generally, people differ in term of accepting whether they capable to control their behavior and environment. Individual who has the high internal LOC believe that he capable to control themselves and environment. These people believe that their own is the most influence thing toward their accomplishment in life. In the other hand, individual who has he high external LOC believe they are dominated by external forces such as fate, luck or powerful others, factors that are beyond their control (Lam and Mizerski, 2005). Hoffman et al. (2003) stated that internals are more action oriented than externals. In line with this statement, the research of Brockhaus (1975) found internals to be more oriented towards activities and more likely to possess entrepreneurial qualities such as risk taking. Internals tend to initiate new activities and undertake efforts or actions in order to manage events around them actively and, hence, are more action oriented. Also, people with high internal LOC more engage in a greater degree of information search than externals (Srinivasan and Tikoo, 1992), which they use for making their decisions (Lefcourt, 1982).

The characteristics of this high internal LOC influence the way they communicate toward other. We can assume that the will engage WOM communication with the people surround them regardless whether they come from in-group or out-group of people. Based on these characteristics we can assume that people who have high internal LOC is more likely to engage in WOM

communication with their out-group people compare to those who have high external LOC. Because of that, this research formulizes these hypotheses:

H1: Individuals who score high on their internal locus of control are more likely to engage in word-of-mouth communications with their out-groups compared to individuals who score low on their internal locus of control.

H2: Individuals who score high on their internal locus of control are less likely to engage in word-of-mouth communications with their in-groups compared to individuals who score low on their internal locus of control.

If people who score high on their internal LOC are the risk taker, in the other hand those who score high on external LOC are more often engage in avoidance behavior (Janssen and Carton, 1999) such as withdrawal (Storms and Spector, 1987). Externals often feel a lack of personal control and believe their actions do not necessarily lead to their desired results. As such they are likely to fall back on their in-group members, who provide a sense of 'safe' companionship and certainty. Due to their avoidance attitudes and needs for relationship, externals may be more likely to engage in word-of-mouth communication with their in-groups. At the same time, aggravated by their risk-avoiding nature, externals would feel uncomfortable with the unfamiliar and unknown associated with their out-group members. Thus, they may also be less likely to engage in word-of-mouth communication with their out-groups. (Lam and Mizerki, 2005) Hence, the following two hypotheses were formulated.

H3: Individuals who score high on their external locus of control are more likely to engage in word-of-mouth communications with their in-groups compared to individuals who score low on their external locus of control.

H4: Individuals who score high on their external locus of control are less likely to engage in word-of-mouth communications with their out-groups compared to individuals who score low on their external locus of control.

2. 5. 3. Customer Satisfaction

Both practitioner and scholar in marketing field agreed that the customer's satisfaction is the most determined the long-term behavior of customer. Johnson, et al (2006) mentioned that multiple interpretations of satisfaction emanate from differences such as: the type of response (cognitive or affective); the time of evaluation (immediate to an encounter or retrospective of past consumption); the object of evaluation (e.g. a transaction, a firm, an attribute); and the psychological process used to construe the response (e.g. disconfirmation of expectations, attribution, equity perceptions). This research will focus on the cumulative assessment of customer's satisfaction toward the consumed product. Bolton (1998) stated that cumulative satisfaction 'serves as an anchor that is updated with new information obtained during service experiences. Consequently, satisfaction must be measured and monitored continuously in order to assess the current performance of the product, the service or the firm in the eyes of customers.

Many research found that direct relationship between satisfactions to profitability increasing of company. Other research showed that higher customer satisfaction translates into higher than normal market share growth, the ability of charging higher price, improved customer loyalty with a strong link to improved profitability, and lower transaction costs. Customer satisfaction is also found to be strongly correlated with repurchase intentions, the willingness to recommend the company and to improve cross buying (Anderson and Sullivan, 1993). Sundram, et al (1998) found that customer engage in WOM communication because of some reason, such as help other people, self enhancement, and product involvement. For instant, a customer recommends certain product to his friend for the reason of helping or their satisfaction toward that product. The similar findings also mentioned by Mangoid, et al (1999). They found that the three key factors most likely to stimulate word-of-mouth communications were a strongly felt need on the part of the word-of-mouth receiver, coincidental communication between word-of-mouth communicator and receiver relating to a broader subject and a high level of satisfaction or dissatisfaction with the product on the part of the word-of-mouth communicator. The satisfaction of consumer needs lies at the very heart of the marketing concept. Satisfaction with a given brand is supposed to lead to a higher likelihood of it being repurchased, brand loyalty, positive word of mouth and higher profitability for the firm. Dissatisfaction is supposed to reduce the likelihood of attaining these goals (Sumasundaram, 1993). Further, it may generate negative word of mouth, complaints, demand for substitute goods, refunds and even litigation(Day, 1977; Richins, 1982; Bearden and Teel, 1983

and Folkes, 1984). In extreme cases, consumer dissatisfaction is likely to encourage the imposition of new legislative controls on an entire industry as was the case recently with the airline industry and its poor 'on time' performance.

Based on the previous review, we can assume that both people who have high score both on internal and external LOC are influenced by the satisfaction toward the product they consume. For that, the hypotheses were formulized as:

H5 : The higher score on the customer's satisfaction will affect the higher possibility to engage WOM communication with in-group people.

H6 : The higher score on the customer's satisfaction will affect the higher possibility to engage WOM communication with out-group people.

H7 : The higher score on the customer's satisfaction will affect the higher possibility for individuals who score high on internal LOC to communicate their experiences toward other.

H8 : The higher score on the customer's satisfaction will affect the higher possibility for individuals who score high on external LOC to communicate their experiences toward other.

CHAPTER III

RESEARCH METHOD

3. 1. Introduction

This chapter will explain further about the research method going to have in this current research. It begins with the elaboration of study type in this research. The next explanation is who will be the subject in this research. The setting which contain the population and sampling design will be explained in detail in the next section. This chapter also include the method that use to collect the data after knowing who become the population and sample in this research. This research will have questionnaire as the media to collect data and in the next section, how the design of questionnaire will be explained continue with the measurement of variable that use in that questionnaire. The next section is the research instrument and technique of data analysis that going to be used in this research will be explained further.

3. 2. Type of Study

This research start with the assumption that customer satisfaction will significantly affect the emergence of WOM communication and there is the personal individuality influence in order to make it happened. In purpose of making WOM communication happened then depended on how the personality of individual has.

The personality of individual divided to two, external and internal locus of control. Generally, external assume the personality derive to tendency of people to communicate their satisfaction experience into their in-group. In other hand, internal personality is more to have communication to their out-group relate to their satisfaction experience. It can be concluded this research done chiefly to enhance the understanding of certain problems that commonly occurred. With this characteristic, this research is classified as the explanatory study that refers to study is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation (Sekaran, 2000). Further Sekaran explained descriptive studies that present data in a meaningful form thus help to: (1) understand the characteristics of a group in a given situation, (2) think systematically about aspect in a given situation, (3) offer ideas for further probe and research and/or (4) help make certain simple decision.

3. 3. Research Subject

Consumer decision making relate to its involvement toward the product can be classified to the stratified one. Stratification can be high, medium and low involvement. Low involvement happened when consumer decide to purchase convenience product that frequently used. Medium involvement is occurred to shopping product that have less frequent purchase and more comparison of brands on price, quality and style. Meanwhile, the high involvement is done when customer

decide to purchase specialty product such as car and house. This research intended to analyze the mediation role of individual personality in customer satisfaction toward WOM communication in consuming the convenience product. The selected convenience products are newspaper, shampoo and instant noodle. The individual personality then divided into two groups, external and internal locus of control in interaction around their in-group and out-group. Therefore, the research subject in this research will be group.

3. 4. Research Setting

3. 4. 1. Population

Population is the total collection of elements about which we wish to make some inference (Cooper, 1998). The population for this research is the resident of Yogyakarta regency, who has experience in consuming the selected convenience product that is newspaper, shampoo and instant noodle.

3. 4. 2. Sampling Design

This research will use non probability sampling that the element of the population do not have any probabilities attached to their being chosen as sample subjects (Sekaran, 2000). The non probability sampling is used because the objective of this research to know the influence of satisfaction toward WOM communication which is not depend on the specific characteristic or attributes of Yogyakarta

population. Moreover, the consideration of cost and time also became necessary (Cooper, 1998). This research arranges to have 115 respondents as the sample. The sample will be obtained by using the convenience sampling method. The respondent will be getting by using the convenience sampling that is the collection of information from members of the population who are conveniently available to provide it (Sekaran, 2000). The list of sample can be seen in Appendix A.

3. 5. Data Collection Method

Data for this research will use the primary one which is the information obtained firsthand by the researcher on the variables of interest for the specific purpose of the study (Sekaran, 2000). One technique in primary source is used questionnaire, especially the personally administrative questionnaire. This method refer to the researcher directly ask the respondent to do questionnaire and answer it in the relatively short time. This method allows the research to introduce the topic research and motivate the respondents to offer their answer frankly. In this research, the researcher directly come to the research spot in each sub district in Yogyakarta regency and ask the convenience people over there whether or not they have experience in consuming the certain of selected convenience product. The experience respondent then requested to fill questionnaire. Before that, the short introduction and purpose of this research will be delivered and any doubt that respondents might have on any question could be clarified on the spot.

3. 6. Questionnaire Design

The design of questionnaire has been developed based on the previous research. For customer satisfaction is developed based on Mark S. Johnson, Ellen Garbarino and Eugene Sivadas in their research titled *Influences of customer differences of loyalty, perceived risk and category experience on customer satisfaction ratings* in 2006. Meanwhile, the individual personality and WOM communication is developed based on a research by Desmond Lam and Dick Mizerski titled *The Effects of Locus of Control on Word-of-mouth Communication* in 2005. (See the Appendix B)

3. 6. 1. Measurement Variable

Five construct from three variables that will be examined in this research are used six Likert Scale. The scale is from “strongly disagree” to “strongly agree”. Customer satisfaction will be measured through three items of question. Individual personality has two dimensions that are internal Locus of Control and external Locus of Control. Internal LOC will be measured through three items of question and six items for external LOC. WOM communication has two dimensions either, which are in-group WOM and out-group WOM, each of them will be measured through four items of question.

3. 6. 2. Research Variable

3. 6. 2. 1. Customer Satisfaction

Sivadas *et al.* (2006) mentioned that satisfaction must be measured and monitored continuously in order to assess the current performance of the product, the service or the firm in the eyes of customers. Undoubtedly, company will do anything to get the satisfaction from customer, Customer satisfaction results when actual performance meets or exceeds the consumer's expectations. Likewise, if expectations exceed actual performance, dissatisfaction will result. (Elliott, 1998). Here are the specific items use to measure the satisfaction felt by customer toward the several convenience product:

- Product performance exceeds the expectation.
- Satisfaction toward the whole product performance.
- Product used is the best among similar product type.

3. 6. 2. 2. Individual Personality

Individual personality construct used in this research is Locus of Control. The construct was originally conceptualized as uni-dimensional, with the internal and external locus of control on either end of its axis. In fact, previous research has found the internal and external locus of control to be mutually exclusive

(Rotter, 1966). For internal Locus of Control, there are three items to be asked in the questionnaire:

- Relation between fate and actual action.
- Relation between actual action and its result.
- The extent of self-determination.

The external control divides to two basic assumptions that form the external Locus of Control, that are chance and powerful others. Each of them made to three items but in the questionnaire will be unite under the variable external Locus of Control. Here are the specific items uses to measure the external Locus of Control:

- Extent that life is controlled by coincidence.
- Extent that life is determined by fortunate.
- Relation between planned lives to its fortunate condition.
- Extent that life is determined by other people.
- Extent that life is controlled by other people.
- Relation between own interest with other's.

3. 6. 2. 3. WOM Communication

In terms of social network consumers in general interact with people that are associated with them with varying degrees of tie strength, ranging from strong (e.g. family and close friends or in-groups) to weak (e.g. acquaintances or

out-groups). In this research, WOM communication is related to what extent the consumer of convenience product communicate their experience in consuming that product, not only based on their satisfaction, but also their individual personality. Here are the item questions for measure the WOM in-group communication:

- Introducing new brands and products only to close friend and family.
- Providing information about new brands and products only to close friend and family.
- Seeking advice or information only from close friend and family.
- Gathering information about a product before buying it from close friend and family.

While, the items question for WOM out-group communication are:

- Providing people other than close friends or family with information about new brands or products.
- Sharing information about new brands and products with people other than close friends or family.
- Seeking out the advice of people other than close friends or family regarding which brand to buy.
- Seeking information and advice of people other than close friends or family before making a purchase decision.

3. 7. Technique of Data Analysis

3. 7. 1. Qualitative Analysis

The information collected from the respondent questionnaires comprises the main characteristic of analysis. It is useful to figure out the proposition, composition, and ratio of the respondent based on, for this research, age, gender, education, occupation and income.

3. 7. 2. Quantitative Analysis

The statistical tool that will be used in this research is Structural Equation Modeling (SEM). Structural Equation Modeling is a statistical methodology that takes a confirmatory (i.e., hypothesis-testing) approach to the multivariate analysis of a structural theory bearing on some phenomenon (Byrne, 1998). Further explain that SEM conveys two important aspect of procedure: (a) that the causal processes under study are represented by a series of structural equation. and (b) that these structural relations can be modeled pictorially to enable a clearer conceptualization of the theory under study.

This research will emphasize the causal relationship between these three variables, customer satisfaction, locus of control and WOM communication.

The basic concept in the SEM comprises to two things, the relationship between latent (unobserved) and observed variable and the oldest and best-known

statistical procedure for investigating relations between sets of observed and latent variables is that of factor analysis. The second one is the full latent variable model. This model is termed full (or complete) because it comprises both a measurement model and a structural model. (Byrne, 1998).

This research will use the third type of measurement model such as described by Joreskog (1971) that is the congeneric model. Neill (2001) argued that congeneric measurement models allow for differences in the degree to which each individual item contributes to the overall composite scale score to be assessed, which is very useful for refining the items in the scale. Use of congeneric measurement models provides a number of benefits in structural equation modelling, for example, reducing the number of observed variables to a single latent variable, assessing item and composite reliability, improving the reliability and validity of composite variables, etc (Webster, 2001). The thing is because the variable used in this research is the ordinal polychotomous variable. This is a common thing because social science data typically derive from attitudinal questionnaires or interviews that are structured in a Likert type format; they are representative of an ordinal scale (Byrne, 1998). Therefore the one-congeneric measurement model is evaluated suitable to assess this research model.

3. 7. 2. 1. Step in Structural Equation Modeling (SEM)

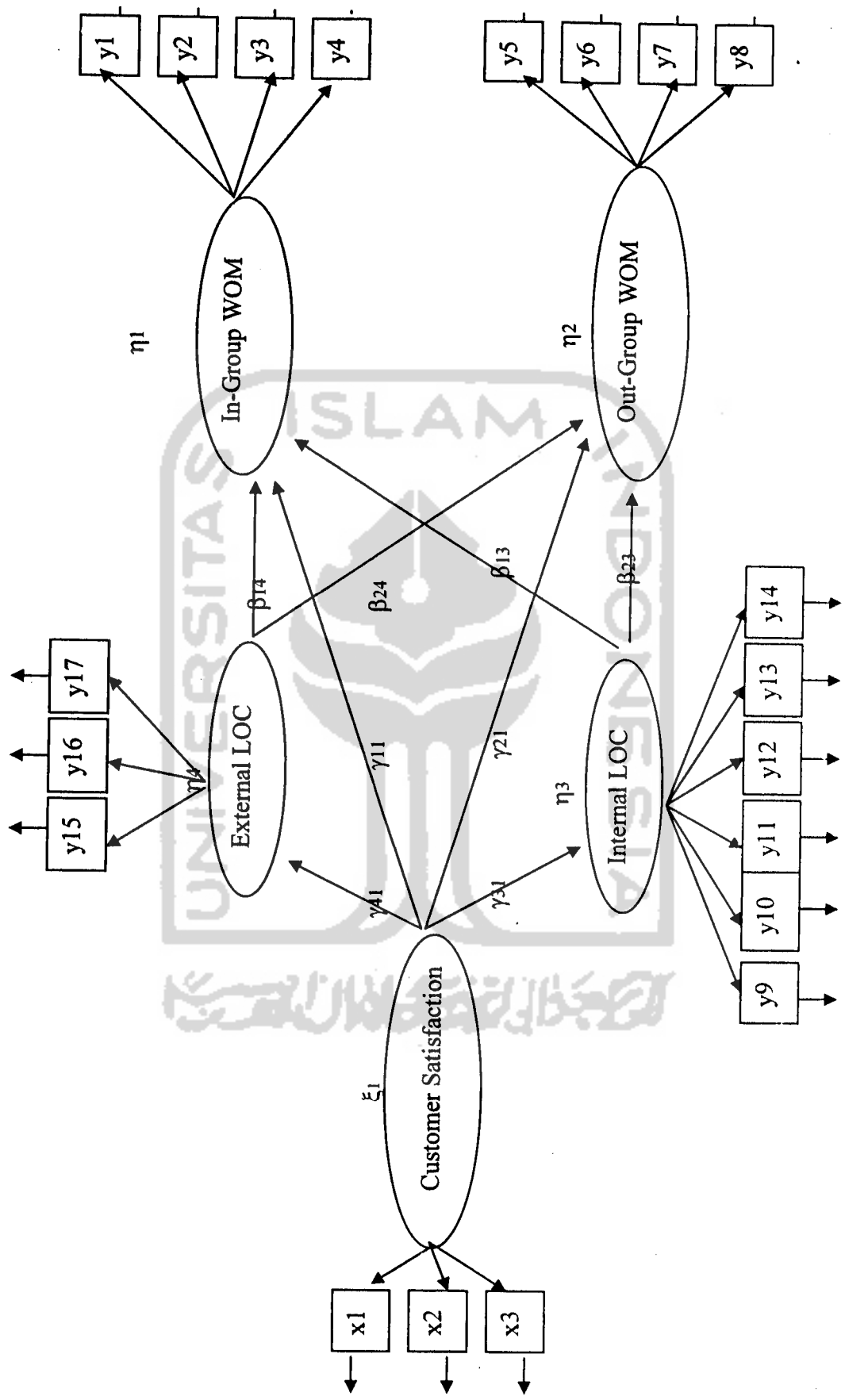
Hair, et al (1998) organized the step in doing analysis using SEM, here are they:

1. Developing a Theoretically Based Model

This step is the basic to develop and form both the relationship between the latent variables (construct) and each latent variable with their item indicator (observed variables). Because Structural equation modeling is based on causal relationship, in which the change in one variable is assumed to result in a change in another variable, this will be defined a dependence relationship (Hair, 1998). This step is important because it reflects the comprehend picture of our research. Once the model is specified, the researcher then test its plausibility based on sample data that comprise all observed variables in the model. The primary task in this model-testing procedure is to determine the goodness of fit between the hypothesized model and the sample data (Byrne, 1998). The development theory and relation both between latent variable and between latent variable and its indicator has explained in the previous section and chapter.

2. Constructing a Path Diagram of Causal Relationship

Path diagram is a graphic representation about how variables connected each other in the certain model. This graphic representation assists us to understand hypotheses that already formed and developed (Ghozali, 2005). There are two basic elements used in the construction. First is the concept of construction, which



Where,

ξ (ksi) = exogenous latent variable (independent variable)

η (eta) = endogenous latent variable (dependent variable)

γ (gamma) = direct relationship between exogenous variable and endogenous variable

β (beta) = direct relationship among endogenous variable

Y = endogenous variable indicator

X = exogenous variable indicator



dichotomous, they are termed tetrachoric correlations. Polyserial correlation represent the relation between an ordinal and a continuous variable; in the special case where the ordinal variable is dichotomous, the correct term is biserial correlation. This recommendation to use polychoric matrix also applied in those tetrachoric and biserial data.

5. Assessing the identification of the Structural Model

There are some rule to identify the structural model. The two basic rules are the rank and order conditions. The order condition states that the model's degrees of freedom must be greater than or equal to zero. This corresponds to what are termed just-identified or over-identified models. A just identified models has exactly zero degrees of freedom. An overidentified model is the goal for all structural equation models. It has more information in the data matrix than the number of parameters to be estimated, meaning that there is a positive number of degrees of freedom. An underidentified model is a model falling to meet the order condition. The number of degrees of freedom for a proposed model is calculated as

$$df = \frac{1}{2} [(p+q)(p+q+1)] - t$$

where,

p = the number of endogeneous indicators

q = number of exogeneous indicators

t = the number of estimated coefficients in the proposed model

6. Evaluating Goodness-of-Fit Criteria

Holmess-Smith (2001) stated that the fit statistic can basically be divided in one of three types:

- Absolute fit indices,
- Incremental fit indices, and
- Indices of model parsimony

6.1. Absolute fit indices

Absolute fit indices is the measure of the absolute discrepancy between the matrix of implied variance and covariance ($\hat{\Sigma}$) to the matrix of empirical sample variance and covariance (S). The indices are:

- Chi-square (χ^2)

The Chi-square reflected whether there is discrepancy between the matrix of implied variances and covariances ($\hat{\Sigma}$) to the matrix of empirical sample variances and covariances (S). Chi-square equal 0 show that the model has the perfect fit. Probabilities (P) from Chi-square is expected to be not perfect. Probabilities is used to obtain the deviation as it shown by Chi-square. Therefore, the significant Chi-square (less than 0.05) reflected that empirical data has differentiation to development theory based on the Structural Equation Modelling.

Acceptable level: $p > 0.05$ (at the $\alpha = 0.05$ level)

- Normed Chi-square (χ^2/df)

Another problem with χ^2 is that the more complex the model the bigger the χ^2 will be and the more likely it is that the specified model will be rejected. *Acceptable level: χ^2/df should be greater than 1.0 but smaller 2.0 (although values between 2.0 and 3.0 indicate reasonable good fit. Values less than 1.0 indicate overfit).*

- Goodness-of-Fit Index and Adjusted Goodness-of-Fit Index

Goodness of Fit Indices (GFI) is a measure of the relative amount of variance and covariance in S that is jointly explained by S. The AGFI differs from GFI only in the fact that it adjusts for the number of degrees of freedom in the specified model. *Acceptable level: GFI and AGFI should be greater than 0.95 although values greater than 0.9 indicate reasonable fit.*

- Root Mean-square Residual (RMR)

RMR represents the average residual value derived from the fitting of the variance-covariance matrix for the hypothesized model to

the variance-covariance matrix of the sample data (S). *Acceptable level: RMR should be less than 0.05.*

- Root Mean-Square Error of Approximation (RMSEA)

RMSEA takes into account the error of approximation in the population and relaxes the stringent requirement on χ^2 that the model holds exactly in the population. *Acceptable level: RMSEA should be less than 0.05 (although values between 0.05 and 0.08 indicate reasonable fit.)*

6. 2. Incremental fit Indices

Incremental fit indices measure how much better the fitted model is compared to some baseline model. The incremental fit index is a measure of how much better the model that assumes at least some relationships is compared to a model with no relationship. The indices are:

- Tucker-Lewis Index (TLI)

This index is also called the Non-Normed Fit Index (NNFI) and ρ^2 . The Tucker-Lewis Index (TLI) is one of the incremental fit indices that can exceed a value of one. *Acceptable level for this index is should be greater than 0.95 although values greater than 0.9 indicator reasonable fit.*

- **Comparative Fit Index (CFI)**

This index is similar to the Tucker-Lewis Index (TLI) except that it is constrained to fall between 0 and 1. Acceptable level should be greater than 0.9 although values greater than 0.9 indicate reasonable fit.

6.3. Indices of model parsimony

Parsimony Goodness-of-Fit index (PGFI) takes into account the complexity (number of parameters estimated) of the hypothesized model in the assessment of overall model fit (Williams & Holahan, 1994). The index is:

- Akaike Information Criterion (AIC); Consistent Akaike Information Criterion (CAIC)

Acceptable level for this index is that fits with the smallest value of AIC/CAIC is the most parsimonious fitting model.

7. Interpreting and Modifying the Model

After assessing the goodness of fit statistic, the under requirement of value is sometimes occurred. The solution for this is to re-specify the model. Model respecification is the process of adding and deleting estimated parameters from the original model. There is some method to re-specify the model:

- **Modification Indices**

Modification Indices are calculated for each nonestimated relationship. The modification index value corresponds approximately to the reduction in chi-square that would occur if the coefficient were estimated. A value of 3.84 or greater suggest that a statistically significant reduction in the chi-square is obtained when the coefficient is estimated.

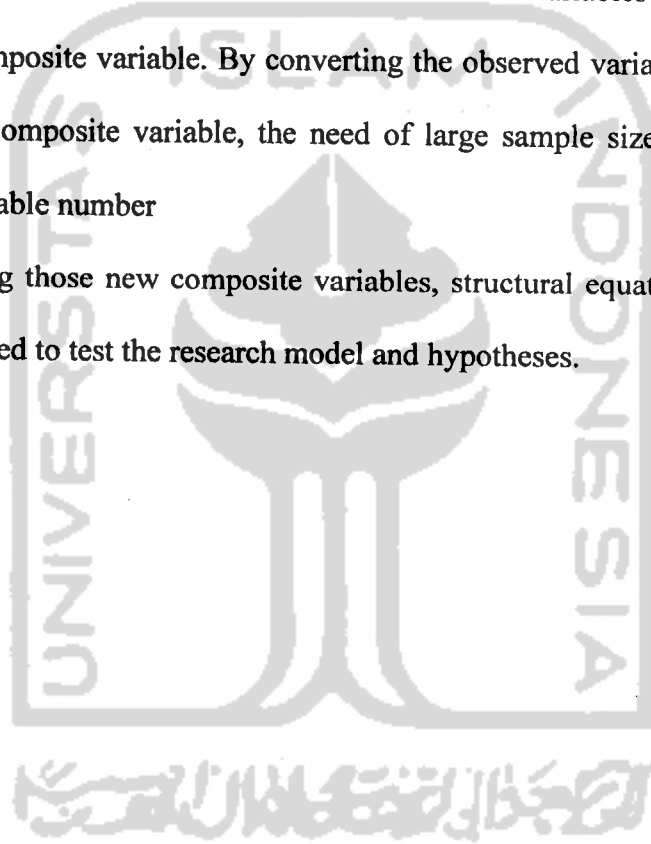
- Ideally, all parameter estimates should be in the expected direction and statistically different from zero (that is, the t-value is larger than ± 1.96). The researcher could begin the process of model re-specification by fixing all the non-significant parameters to zero in a revised model. However, several additional issues should be considered before the decision to re-specify the model is made.

The step of SEM above is generally will be executed in this research but systematically the step will be done in line with the work of Holmes-Smith and Row (1994), this study takes the following steps in analyzing the one-congeneric measurement model. They are:

1. The researcher performs confirmatory factor analyses for the measurement models or constructs. At this stage, its reliability and validity of each construct are

evaluated. Bollen (1989) explained that researcher generally report at least one of three model-based estimates of reliability. These measures include

- a) the squared multiple correlation for the observed variables
 - b) construct reliability
 - c) the variance extracted estimate
2. The researcher reduces the number of observed variables of each construct into one composite variable. By converting the observed variables of each construct into a composite variable, the need of large sample size can be reduced to a manageable number
 3. By using those new composite variables, structural equation model analysis is performed to test the research model and hypotheses.



CHAPTER IV

DATA ANALYSIS, HYPOTHESIS AND DISCUSSION

4. 1. Overview of the Strategy Analysis

This chapter will emphasize to the data analysis by using the method of research already planned before and presented in the previous chapter. The data analysis will be divided into two sections. The first one is the description of demographic characteristic from respondent who have become participant in this current research. Since the research will use Structural Equation Modeling through one-congeneric model, then the second section will be elaborate the processed data through three step, (1) researcher performs confirmatory factor analyses for the measurement models or constructs. At this stage, its not only the reliability of observed variable will be tested but also reliability and validity of each construct are evaluated; (2) The researcher reduces the number of reliable observed variables of each construct into one composite variable. The compsite variable will lead the researcher to calculate the coefficients of the maximized composite scale reliabilities, factor loadings (λ), and error variances (θ); and the final step (3) Using those composites variable, the structural equation modeling will be developed and the hypotheses testing will be assessed. Based on the result of hypotheses, the discussion about it and overall the research performance will be given in the next section.

4. 2. The Respondent Demographic Characteristic

This research has been conducted in the Yogyakarta regency to those who has experienced in consuming the convenience product. The respondent chosen by use non probability sampling that randomly asked by the researcher to fulfill the questionnaire after its content and item shortly explained. The number of respondent collected is 115. The distribution of the respondent will be based on their age, gender, education, occupation and income. The complete each characteristic distribution is described in tables as follow:

4. 2. 1. Respondent's Gender

Table 4. 1

The Distribution Frequency of Respondent's Gender

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Valid MEN	66	57,4	57,4	57,4
WOMAN	49	42,6	42,6	100,0
Total	115	100,0	100,0	

Table 4. 2 describes the respondent with men gender are 66 respondents (57,4 %) and 49 respondents (42,6 %) are woman. This frequency means that most respondent for this research are men.

4. 2. 2. Respondent's Age

Table 4. 2
The Distribution Frequency of Respondent's Age

	Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	LESS 20	21	18,3	18,3	18,3
	20-25	59	51,3	51,3	69,6
	26-30	10	8,7	8,7	78,3
	31-35	10	8,7	8,7	87,0
	36-40	9	7,8	7,8	94,8
	MORE 40	6	5,2	5,2	100,0
	Total	115	100,0	100,0	

Table 4. 1 describes from 115 respondents, 21 respondents (18,3 %) are less than 20 years old, 59 respondents (51,3 %) are in between 20-25 years old, 10

respondents (8,7 %) are in between 26-30 years old, 10 respondents (8,7 %) are in between 31-35 years old, 9 respondents (7,8 %) are in between 36-40 years old and 6 respondents (5,2 %) are more than 40 years old. This means that most of the respondent having age between 20-25 years old.

4. 2. 3. Respondent's Educational Background

Table 4. 3

The Distribution Frequency of Respondent's Educational Background

	Education	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Junior High	3	2,6	2,6	2,6
	Senior High	58	50,4	50,4	53,0
	Diploma	15	13,0	13,0	66,1
	Under Graduate	37	32,2	32,2	98,3
	Post Graduate	2	1,7	1,7	100,0
	Total	115	100,0	100,0	

Table 4. 3 describes the educational background of the respondents to be 3 respondents (2,6 %) at junior high school, 58 respondents (50,4 %) at senior high school, 15 respondents (13 %) at diploma degree, 37 respondents (32,2 %) at undergraduate degree and 2 respondents (1,7 %) at post graduate degree. From the table, we can see the most of respondent have senior high school as their educational background.



4. 2. 4. Respondent's Occupation

Table 4. 4

The Distribution Frequency of Respondent's Occupation

	Occupation	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Public Employee	6	5,2	5,2	5,2
	Army	1	,9	,9	6,1
	Private Employee	13	11,3	11,3	17,4
	Entrepreneur	23	20,0	20,0	37,4
	House Wife	7	6,1	6,1	43,5
	College Student	65	56,5	56,5	100,0
	Total	115	100,0	100,0	

Table 4. 4 describes that 6 respondents (5,2 %) are public employee, 1 respondent (0,9 %) is army, 13 respondents (11,3 %) are private employee, 23 respondents (20 %) are entrepreneur, 7 respondents (6,1 %) are house-wife and 65

respondents (56,5 %) are college students. By looking this table, it can be concluded that most of the respondents have occupation as the college student.

4. 2. 5. Respondent's Income

Table 4. 5
The Distribution Frequency of Respondent's Income

	Income	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less 1 Million	33	28,7	28,7	28,7
	1 – 1.5 Million	26	22,6	22,6	51,3
	1.51 - 2 Million	11	9,6	9,6	60,9
	2.01 - 2.5 Million	12	10,4	10,4	71,3
	2.51 - 3 Million	12	10,4	10,4	81,7
	3.01 - 3.5 Million	7	6,1	6,1	87,8
	3.51 - 4 Million	4	3,5	3,5	91,3
	More 4 Million	10	8,7	8,7	100,0
	Total	115	100,0	100,0	

Table 4. 5 describes that 33 respondents (28,7 %) have income less than 1 million, 26 respondents (22,6 %) have income between 1 – 1,5 million, 11

respondents (9,6 %) have income between 1,51 – 2 million, 12 respondents (10,4 %) have income between 2,01 – 2,5 million, 12 respondents (10,4 %) have income between 2,51 - 3 million, 7 respondents (6,1 %) have income between 3,01 – 3,5 million and 4 respondents (3,5 %) have income between 3,51 - 4 million. And 10 respondents (8,7 %) have income more than 4 million. It can be concluded from 115 respondents, most of them have income less than 1 million.

4.3. Measurement Model

The previous chapter has already explained about the basic concept of SEM. The first thing is the relationship between the latent variables and its unobserved variables. Byrne (1998) further mentioned that the oldest and best known statistical procedure for investigating relations between set of observed and latent variables is that of factor analysis. There are two basic types of factor analysis: exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). This research will use CFA. CFA is used because it is based on the knowledge of the theory, empirical research and hypothesizes relation between the observed measure and the underlying factors a priori. CFA model focuses solely on the link between factors and their measured variables, within the framework of SEM; it represents what has been termed a measurement model.

Second step is to reduce the number of qualified observed variables of each construct in one composite variable. The final step will be structural equation model

analysis is performed to test the research model and hypotheses by using those composite variables which already been set before.

4. 3. 1. Confirmatory Factor Analyses of Variables Constructs

The confirmatory mode means that the researcher already specified the relationship between the latent variables and its manifest or observed variables. The manifest variables that already collected from the respondents are termed indicators in the measurement model of confirmatory factor analyses, because it is used to measure or to indicate (Hair, 1998). This analysis try to examine the observed variables into what extent those can represent the latent variables.

One-congeneric model is strongly emphasize to the significant and reliability of the model. Thus, in performing this measurement model there are scrutiny of the positive-definite of the correlation matrix and the values of the correlation and variance. The problem will come up if non-positive definite correlation matrix, correlation > 1 , and negative variance are occurred. After identifying there is no obstacle, the evaluation statistical significances and reliabilities will be executed. The significance will identified by t-value of the parameters, Holmes-Smith (2001) reveals that based on a level of $\alpha = 0.05$, parameters, which have t values > 1.96 are considered to be significant. Non-significant parameters, where their t values < 1.96 , therefore, should be removed from the model. Similarly, Holmes-Smith (2001) also

the most useful way to re-specify the hypothesized model (Joreskog and Sorbom 1996). Further, Holmes-Smith (2001) explained that a modification index is calculated for each non-free parameter. Essentially, a modification index represents the decrease in the value of the chi-square when the parameter is estimated in a revised model. A modification index value greater than 3.84 suggests that the chi-square would be significantly reduced when the corresponding parameter is estimated.

Another way to re-specification is by investigating its critical ratio (t-value) Holmes-Smith (2001) stated that ideally, all parameter estimates should be in the expected direction and statistically different from zero, that is the t-values is larger than 1.96. Byrne (1998) give solution that the parameter which is non-significant, to the interest of parsimony will be deleted from the model.

This research involves five variables which mean five measurement models will be identified; here are the explanations of each variable construct:

1. Word-of-Mouth In Group Communication (WOMI)

This construct derived by four indicator variables which are:

- Introducing new brands and products only to close friend and family (WOMI1).
- Providing information about new brands and products only to close friend and family (WOMI2).

- Seeking advice or information only from close friend and family (WOMI3).
- Gathering information about a product before buying it from close friend and family (WOMI4).

The problem was found in the measurement of statistical significance and reliabilities. The first measurement, researcher found three variables which have square multiple correlations (R^2) and its standardized loading under the standard requirement. To overcome this problem, researcher removed the observed variables which have the lowest R^2 and its standardized loading.

Table 4. 6a. The Factor Loadings, t values, and Errors of the Measurement Parameters

Items	Standardized Loadings	Standard Error of Estimates	t-values	R^2
Word-of-Mouth Communication In-Group (WOMI)				
WOMI1	.66	.09	7.54	.43
WOMI2	.77	.07	10.61	.59
WOMI3	.69	.07	9.55	.48
WOMI4	.65	.08	7.75	.43

Researcher removed the variable WOMI4 and performing another measurement model with three variables left. The result is:

Table 4. 6b. The Factor Loadings, *t* values, and Errors of the Measurement Parameters

Items	Standardized Loadings	Standard Error of Estimates	<i>t</i> -values	R ²
Word-of-Mouth Communication In-Group (WOMI)				
WOMI1	.59	.12	5.12	.35
WOMI2	.86	.12	7.24	.75
WOMI3	.49	.10	4.79	.24

Since there is still variables which are not fulfill the requirement, researcher must remove WOMI3, but to ignore negative degrees of freedom, the left two variables must be equalized in their Theta-Delta matrix. The result is:

Table 4. 6c. The Factor Loadings, *t* values, and Errors of the Measurement Parameters

Items	Standardized Loadings	Standard Error of Estimates	<i>t</i> -values	R ²
Word-of-Mouth Communication In-Group (WOMI)				
WOMI1	.72	.07	9.96	.51
WOMI2	.72	.07	9.96	.51

After removing the two variables and equalize the Telta-Delta matrices of the rest variable, the fit for this construct is perfect and do not need to be re-specify. By this result, means there are only two observed variables (WOMI1 and

WOMI2) that fulfill the requirement to continue in analyze structural equation model analysis and examine the hypotheses.

2. Word-of-Mouth Communication Out-Group (WOMO)

This latent variables also measured by four its observed variables, which are:

- Providing people other than close friends or family with information about new brands or products (WOMO1).
- Sharing information about new brands and products with people other than close friends or family (WOMO2).
- Seeking out the advice of people other than close friends or family regarding which brand to buy (WOMO3).
- Seeking information and advice of people other than close friends or family before making a purchase decision (WOMO4).

Researcher found that from four indicator variables, three of them are met the requirement, while one variable that is WOMO4 slightly below the requirement which is R^2 0.49. Byrne (1998) suggest that the squared multiple correlation of an observed variable should exceed .50, which is roughly equivalent to

3. External Locus of Control (ELC)

This variable will be measured by six indicator variables, which are:

- Extent that life is controlled by coincidence (ELC1).
- Extent that life is determined by fortunate (ELC2).
- Relation between planned lives to its fortunate condition (ELC3).
- Extent that life is determined by other people (ELC4).
- Extent that life is controlled by other people (ELC5).
- Relation between own interest with other's (ELC6).

In measuring this variable, the researcher again found some variables which are not fulfill the requirement. Therefore, researcher must remove these variables one by one started from the lowest one. Presented in the table below:

Since there are still the variables under the requirement value, researcher removed the lowest variable that is ELC3. The result will be:

Table 4. 8c. The Factor Loadings, *t* values, and Errors of the Measurement Parameters

Items	Standardized Loadings	Standard Error of Estimates	<i>t</i> -values	R ²
External Locus of Control (ELC)				
ELC1	.68	.06	11.40	.47
ELC2	.70	.05	12.83	.49
ELC4	.79	.06	14.21	.62
ELC5	.95	.04	24.97	.90

The variable ELC1 still didn't meet the requirement and the construct can't represent the structural equation model, therefore ELC1 also must be removed.

The result after ELC1 removed is:

Table 4. 8d. The Factor Loadings, *t* values, and Errors of the Measurement Parameters

Items	Standardized Loadings	Standard Error of Estimates	<i>t</i> -values	R ²
External Locus of Control (ELC)				
ELC2	.38	.09	4.33	.14
ELC4	.60	.10	6.04	.36
ELC5	1.18	.15	7.61	1.39

Since there is still variables which are not fulfill the requirement, researcher must remove another one variable that is ELC2, but to ignore negative degrees of freedom, the left two variables must be equalized in their Theta-Delta matrix. The result is:

Table 4. 8e. The Factor Loadings, *t* values, and Errors of the Measurement Parameters

Items	Standardized Loadings	Standard Error of Estimates	<i>t</i> -values	R ²
External Locus of Control (ELC)				
ELC4	.84	.05	17.24	.71
ELC5	.84	.05	17.24	.71

From six variables turn to only two variables that qualified to measure the full model in structural equation model and examine the hypotheses, that are ELC4 and ELC5. The goodness of fit is perfect and re-specification is unnecessary.

4. Internal Locus of Control (ILC)

ILC variable has 4 indicators as its manifest variables to measure the extent of respondent ILC. The variables are:

- Relation between fate and actual action (ILC1).
- Relation between actual action and its result (ILC2).
- The extent of self-determination (ILC3).

Researcher found all three indicator variables are met the requirement, thus can be continued to use in structural equation model and analyze the hypotheses. The goodness of fit for this construct are all met the requirement. Here is the result:

Table 4. 9. The Factor Loadings, *t* values, and Errors of the Measurement Parameters

Items	Standardized Loadings	Standard Error of Estimates	<i>t</i> -values	R ²
Internal Locus of Control (ILC)				
ILC1	.85	.06	14.75	.72
ILC2	.77	.06	12.80	.59
ILC3	.73	.07	10.81	.53

5. Customer Satisfaction (CS)

CS variables will be measured by its three observed variables. The variables are:

- Product performance exceeds the expectation (SC1).
- Satisfaction toward the whole product performance (CS2).
- Product used is the best among similar product type (CS3).

Among these three variables, there is one variable which has the value under the requirement, which is CS3 therefore must be removed. Here is the result:

Table 4. 10a. The Factor Loadings, *t* values, and Errors of the Measurement Parameters

Items	Standardized Loadings	Standard Error of Estimates	<i>t</i> -values	R ²
Customer Satisfaction (CS)				
CS1	.81	.09	9.37	.65
CS2	.86	.08	10.77	.74
CS3	.56	.09	6.37	.31

After removed CS3 from the observed variables, there are only two variables left, but to ignore negative degrees of freedom, the left two variables must be equalized in their Theta-Delta matrix. The goodness of fit after removed the CS3 variables is perfect, therefore the re-specification is unneeded. The result with two variables is:

Table 4. 10b. The Factor Loadings, *t* values, and Errors of the Measurement Parameters

Items	Standardized Loadings	Standard Error of Estimates	<i>t</i> -values	R ²
Customer Satisfaction (CS)				
CS1	.83	.05	16.44	.69
CS2	.83	.05	16.44	.69

After identifying each construct based on the criteria requirement, the observed variables that qualified to use are twelve variables while another eight are excluded from the research. The details of the correlation matrices of each construct of the measurement model are shown in Appendix C. Here is the table described detail of these variables and their underlying constructs.

Table 4. 11. Name and Number Variables and Their Underlying Constructs Excluded and Used in the Study

Name of Constructs	Name of Variables		Number of Variables	
	Excluded from the	Used in the Study	Excluded	Used
Word-of-Mouth Communication In Group (WOMI)	WOMI3, WOMI4	WOMI1, WOMI2	2	2
Word-of-Mouth Communication Out Group (WOMO)		WOMO1, WOMO2, WOMO3, WOMO4	1	3
External Locus of Control (ELC)	ELC1, ELC2, ELC3, ELC6	ELC4, ELC5	4	2
Internal Locus of Control (ILC)	-	ILC1, ILC2, ILC3	-	3
Customer Satisfaction	CS3	CS1, CS2	1	2
		Total	8	12

The twelve observed variables already identified as reliable to use in structural equation modeling, the validity and reliability of construct must also be defined. Reliability can be defined as the extent to which a set of two or more indicators share in their measurement of a construct, validity relates to the ability of an indicator to measure accurately the construct of the study (Hair et al., 1998). According to Holmes-Smith (2001), the reliability can be measured from the squared multiple correlation for the observed variables, construct reliability, and the variance extracted estimate. As the standard, Holmes-Smith further explained that R^2 of their indicators exceeds 0.50; their composite reliabilities are greater than 0.70; and their variance extracted are greater than 0.50. The R^2 has already identified before and all the twelve variables exceed 0.50.

The composite reliability and variance extracted can be calculated using Fornell and Larker's (1981) formulas as follows:

$$\text{Composite Reliability} = \frac{(\sum \lambda_i)^2}{(\sum \lambda_i)^2 + \sum \epsilon_i}$$

$$\text{Variance Extracted} = \frac{\sum \lambda_i^2}{\sum \lambda_i^2 + \sum \epsilon_i}$$

where λ_i = the standardized loading of each indicator (observed variable)

ε_i = the error variance associated with each indicator

By following the formula given above, the composite reliability and variance extracted for each construct are:

Table 4. 12. The Reliabilities of the Final Measurement Model

Variable Name	λ_i	ε_i	Composite Reliability	Variance Extracted
Word-of-Mouth Communication In Group (WOMI) :			.67	.51
WOMI1	.72	.49		
WOMI2	.72	.49		
Word-of-Mouth Communication Out Group (WOMO)			.89	.74
WOMO1	.79	.37		
WOMO2	.93	.14		
WOMO3	.85	.28		
External Locus of Control (ELC) :			.82	.54
ELC4	.84	.29		
ELC5	.84	.29		
Internal Locus of Control (ILC) :			.83	.61
ILC1	.85	.28		
ILC2	.77	.41		
ILC3	.73	.47		
Customer Satisfaction (CS) :			.82	.69
CS1	.83	.31		
CS2	.83	.31		

From the table above, we can conclude that five construct that will be used in the structural equation model has been proven as reliable. Their value range between 0.67 until 0.89 for the composite reliability and 0.51 until 0.74 for the variance extracted. We also can conclude that the twelve observed variables are reliable in representing the underlying construct. As the conclusion, the entire five construct and twelve variables used in this research are reliable.

4.3.1.1. Conclusion

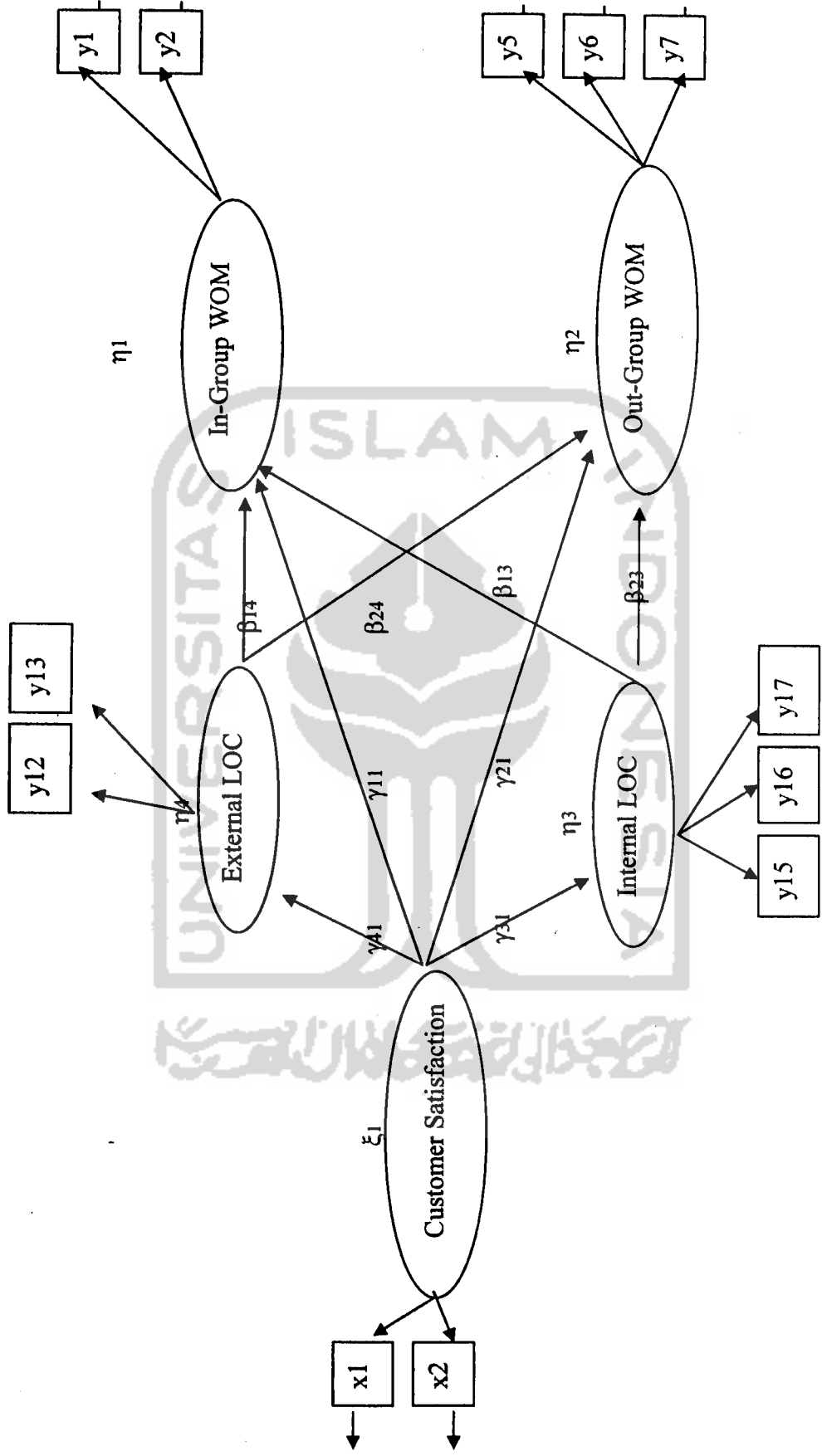
This research initially used 20 observed variables from five latent variables. However, after doing reliability test, eight observed variables are finally excluded from the research because its square multiple correlations (R^2) and standardized loading are below the requirement acceptable level. Therefore, only twelve variables are included to the further analyses in this research.

twelve variables which is represent five construct is classified as reliable not only from its R^2 and standardized loading, but also based on the goodness of fit model. These five construct has its Chi-Square and RMSEA with values are zero which means this models are in perfect sense. Fortunately, there is no re-specification for these five constructs.

The reliability of construct also has been measured according to Holmes-Smith (2001) and the result is exceed the requirement of composite reliabilities must greater than 0.70 and their variance extracted must greater than 0.50.



Figure 4. 1. Conceptual Model after Removed Unreliable Observed Variables



4. 3. 2. Converting Observed Variables Into Composite Variables.

As mentioned in the previous chapter that according to Holmes-Smith and Row (1994), after performs confirmatory factor analyses for the measurement models or constructs, the researcher then reduces the number of observed variables of each construct into one composite variable by converting the observed variables of each construct into a composite variable. Joreskog and Sorbom (1989) showed that, having fitted and accepted a one-factor congeneric model, it is possible to compute an estimated composite score (ξ) for each construct by applying this formula:

$$\xi = \sum \omega_i x_i$$

Where, ξ = estimated composite score

ω = row vector of factor score regression

x = column vector of the subject's observed indicator variables

This step means the researcher make a new variable which is composite one of five constructs used in this research. For example, in calculating the composite score for construct ILC. Factor score regression for construct ILC based on LISREL output is .49, .31, and .25 respectively. By knowing these factor score regression, we can calculate the estimated composite score for ILC

construct. This calculation also applied for the rest four construct. The calculation for ILC construct showed as follow:

$$\text{Composite score of ILC} = (.49 \cdot \text{ILC1}) + (.31 \cdot \text{ILC2}) + (.25 \cdot \text{ILC3})$$

For this calculation, researcher has reduced from twelve observed variables into five composite variables that enable the researcher to develop asymptotic covariance matrix. This is because the minimum sample for 10. According to Joreskog and Sorbom (1996b) reveal that the minimum sample size required for asymptotic covariance matrix is equal to $k(k - 1) : 2$, where k is the number of observed variables. It means that with five composite variables, the minimum sample is only 10. The detail of the correlation matrices used in the structural equation model analyses can be seen at Appendix D.

The next step is to calculate the composite scale reliability. Holmes-Smith (2001) asserted that the weight factor is not only used in computing composite scales, they are also used to determine the composite scale reliability. Werts, Rock, Linn, and Joreskog (1978) reveal that the composite scale reliability is maximized if the vector of weight is the vector score regression. They develop a formula to calculate the reliability as follows:

$$r_m = \frac{(\sum \omega_i \lambda_i)^2}{(\sum \omega_i \lambda_i)^2 + \sum \theta_i \omega_i^2}$$

where, r_m = maximized composite scale reliability;

λ_i = factor loadings

ω_i = factor score regression;

θ_i = error variance

Holmes-Smith (2001) stated that once composite variables have been computed, it is possible to build structural equation model which examine relationships amongst the latent variable underlying these composite scales. Munck (1979) showed that it is possible to fix path the regression coefficient (λ) which reflect the regression of each composite variables on its latent variable, and the measurement error (θ) associated with each composite variables. Munck also noted that if the matrix to be analyzed was a matrix of correlations amongst the composite variables, then the variance of the composite variables is equal to 1 and the parameters λ and θ simplify to:

$$\lambda = \sqrt{r_m}, \text{ and}$$

$$\theta = 1 - r_m$$

These two parameters (λ and θ) can be used as fixed parameters in the measurement part of the structural equation model.

In addition, based on the existing coefficients of factor loadings, error variances, and factor regressions, the researcher calculates the coefficients of the

maximized composite scale reliabilities, factor loadings (λ), and error variances (θ). The coefficients of the factor loadings and error variances are, in turn, used as fixed parameter estimates in the measurement part of the structural equation model. The results of these calculations are presented in table as follow:



Table 4.13. Parameter Estimates of Observed Variables and Maximized Reliabilities and Parameter Estimates of the Composite Var

Variable Name	Observed Variables			Composite Variables		
	Factor Loadings (λ_i)	Error Variances (θ_i)	Factor Score Regressions	Maximized Reliability (r_m)	Factor Loadings ($\sqrt{r_m}$)	Error Variances ($\theta=1-r_m$)
Word-of-Mouth Communication In Group (WOMI) :				.68	.825	.32
WOMI1	.72	.49	.47			
WOMI2	.72	.49	.47			
Word-of-Mouth Communication Out Group (WOMO) :				.913	.956	.087
WOMO1	.79	.37	.19			
WOMO2	.93	.14	.58			
WOMO3	.85	.28	.27			
External Locus of Control (ELC) :				.83	.911	.17
ELC4	.84	.29	.49			
ELC5	.84	.29	.49			
Internal Locus of Control (ILC) :				.838	.915	.162
ILC1	.85	.28	.49			
ILC2	.77	.41	.31			
ILC3	.73	.47	.25			

Table 4. 13. Continued

Variable Name	Observed Variables			Composite Variables		
	Factor Loadings (λ_i)	Error Variances (θ_i)	Factor Score Regressions	Maximized Reliability (r_m)	Factor Loadings ($\sqrt{r_m}$)	Error Variances ($\theta=1-r_m$)
Customer Satisfaction (CS) :						
CS1	.83	.31	.49	.816	.903	.184
CS2	.83	.31	.49			

4. 3. 3. Structural Equation Model and Hypotheses Analyses

The calculation of composite variables and their estimated parameters have already done before in order to develop the structural equation modeling of one-congeneric model. It is possible to examine the causal relationship between those composite variables. The first step in assessing the structural equation modeling is evaluating its goodness-of-fit statistic. According to Byrne (1998), fit indices has been developed over the years, included those developed by Steiger (1990) and Browne and Cudeck (1993) that take both error of approximation in the population and the precision of the fit measure itself into account, as well as the single sample cross-validation index (ECVI). Since the current study only uses a single sample, Expected Cross Validation Index (ECVI) is needed as an additional goodness of fit criterion. ECVI is a means to evaluate, in a single sample, the likelihood that the model cross-validates across similar sample size from the same population (Browne and Cudeck, 1989). It specifically measures the extent to which the fitted covariance matrix in the analyzed sample fits to the expected covariance matrix obtained from similar sample size. This test does not provide fix range of values as an acceptable level, because ECVI coefficients can take on any value. However, the model having an ECVI value lower than the value of ECVI for saturated model demonstrates the greatest potential for replication (Byrne, 1998). Byrne also further note that the lower ECVI value for the hypothesized model, compared with both the independence and saturated model conclude that it represent the best fit to the data.

By five composite variables, researcher ran the first the hypothesized model. The result of the statistical level here presented in the table as follow:

Table 4. 14. Goodness of Fit indices

Goodness of Fit Indices	Initial Model
The χ^2	1.96
The Normed χ^2	0.98
Estimated Non Centrality Patameter	0.00
The RMSEA	0.00
The GFI	1.00
The AGFI	0.98
The CFI	1.00
The NFI	0.93
The IFI	1.00
Expected Cross-Validation Index (ECVI)	0.25
ECVI for Saturated Model	0.26
ECVI for Independence Model	0.35
The Independence AIC	39.68
The model AIC	27.96
The Saturated AIC	30.00
The Independence CAIC	58.41
The model CAIC	76.65
The Saturated CAIC	86.17
Root Mean Square Residual (RMR)	0.039

From the statistical table above, the minimum requirement or acceptable level of each index are already met. The Root Mean Square Error of Approximation (RMSEA) is 0.00 which is indicating the good fit. The GFI and AGFI are 1.00 and 0.98 show the well fitting model. Index Normal Fit Index (NFI) and Comparative Fit Index (CFI) compare the hypothesized model with the

independence one which has the value 0.93 and 1.00 above the requirement of .90. The Incremental Index of Fit (IFI) computation basically the same as the NFI, except that degrees of freedom are taken into account, IFI has value 1.00 indicates the higher value is superior fit. The value for Expected Cross-Validation Index (ECVI) is 0.25 which is lower than ECVI for Saturated Model and ECVI for Independence Model which are 0.26 and 0.75 indicates the best fit to the data. Index AIC and CAIC share the same conceptual framework with ECVI, from the table, the model AIC lower than it's saturated and independence model, which is 27.96 compared to 30.00 and 39.68. For the CAIC, the model one is lower than it's the saturated but higher than independence one, which is 76.65 compare to 86.17 and higher compare to 58.41. For the Normed Chi-Square fall slightly under the requirement of between 1.0 and 3.0 that is 0.98.

Running the first hypothesized model, aside enable researcher to assess the fit statistic, also allow researcher to assess the significant level of eight paths that have already been hypothesized. The result is presented in table as follow:

Table 4. 15. The Validity and Significant Level of the Causal Relationship for the Initial Model

Relationship between two Constructs	Factor Loading (λ)		t-value	Significant Level of t-test
	Beta (β)	Gamma (γ)		
CS → WOMI	--	0.49	4.00	> +1.96
CS → WOMO	--	0.19	1.70	< +1.96
CS → ELC	--	0.17	1.40	< +1.96
CS → ILC	--	0.12	1.07	< +1.96
ELC → WOMI	0.13	--	1.20	< +1.96
ELC → WOMO	0.03	--	0.27	> +1.96

Table 4. 15. Continued.

Relationship between two Constructs	Factor Loading (λ)		t-value	Significant Level of t-test
	Beta (β)	Gamma (γ)		
ILC → WOMI	0.00	--	-0.04	< +1.96
ILC → WOMO	0.00	--	0.04	> +1.96

The table above demonstrate that the only significant path which is exceed the t-value larger than 1.96 is only path CS to WOMI. While, the rest is resulted as non-significant, which are all the value fall below the significant level of t-value, range from -0.04 to 1.70.

Hair, et al (1998) elaborate that once model interpretation is complete, the researcher most likely is looking for methods to improve model fit and/or its correspondence to be underlying theory. This is called model re-specification. The way to identify the re-specification has already explained in the previous section. The re-specification can be through the modification indices and critical ratio (t-

value). For the structural equation modeling, because the attention is only stress on the causal path demonstrate by Gamma (Γ) and Beta (B), the modification indices only will be done into those two path (Byrne, 1998). Even though, Byrne also suggest that is will be more beneficial to rely on fit as represented by the Comparative Fit Index (CFI) and Root Mean Square Error of Approximation (RMSEA), which is in this first run hypothesized model has already met the requirement and indicates the good fit of model, that is 1.00 and 0.00, but because of the Normed Chi-Square is still slightly below the requirement in 0.98, the re-specification is probably needed to improve the value of Normed Chi-Square.

The first re-specification will examine the modification indices for Beta and Gamma from the LISREL Output. As mentioned before, the modification indices will be done if there is the value greater than 3.84. This modification suggests that Chi-Square will be significantly reduced when the corresponding parameter is estimated (Holmes-Smith, 2001). The Modification Indices for Beta and Gamma are presented in the table as follow:

Table 4. 16a. The Modification Indices for BETA of the Initial Model

	WOMI	WOMO	ELC	ILC
WOMI	--	1.89	--	--
WOMO	1.89	--	--	--
ELC	0.09	0.09	--	0.09
ILC	0.09	0.09	0.09	--

Table 4. 16b. The Expected Change for BETA of the Initial Model

	WOMI	WOMO	ELC	ILC
WOMI	--	-0.17	--	--
WOMO	-0.23	--	--	--
ELC	8.89	-11.63	--	-0.04
ILC	-0.28	-1.30	-0.04	--

Table. 4. 17. The Goodness of Fit Statistics of the Structural Equation Model

Goodness of Fit Indices	Initial Model	1st re-specification
The χ^2	1.96	1.97
The Normed χ^2	0.98	0.67
Estimated Non Centrality Parameter	0.00	0.00
The RMSEA	0.00	0.00
The GFI	1.00	1.00
The AGFI	0.98	0.98
The CFI	1.00	1.00
The NFI	0.93	0.93
The IFI	1.00	1.04
Expected Cross-Validation Index (ECVI)	0.25	0.24
ECVI for Saturated Model	0.26	0.26
ECVI for Independence Model	0.35	0.35
The Independence AIC	39.68	39.68
The model AIC	27.96	25.97
The Saturated AIC	30.00	30.00
The Independence CAIC	58.41	58.41
The model CAIC	76.65	70.91
The Saturated CAIC	86.17	86.17
Root Mean Square Residual (RMR)	0.039	0.039

Table 4. 18. The Paths' *t* Values of the Initial and Respecified Models

Path	Initial Model	1 st re-specification
CS → WOMI	4.00	4.05
CS → WOMO	1.70	1.74
CS → ELC	1.40	1.41
CS → ILC	1.07	1.07
ELC → WOMI	1.20	1.22
ELC → WOMO	0.27	0.26
ILC → WOMI	-0.04	--
ILC → WOMO	0.04	0.03

Table 4. 19. . Squared Multiple Correlations (R2) for the Structural Equations

Dependent variable	The Initial Model	1 st re-specification
WOMI	0.28	0.28
WOMO	0.04	0.04
ELC	0.03	0.03
ILC	0.02	0.02

The first table above demonstrates the comparison of fit statistic between initial model and first re-specification model. There is no significant shifting of statistical value, Estimated Non Centrality Parameter, RMSEA, GFI, AGFI, CFI, NFI, IFI, Expected Cross-Validation Index (ECVI), ECVI for Saturated Model, ECVI for Independence Model, and Root Mean Square Residual (RMR) are maintain in the same value which are 0.00, 0.00, 1.00, 0.98, 1.00, 0.93, 1.04, 0.24, 0.26, 0.35 and 0.039 respectively. While the AIC and CAIC index still in the same proposition even though has the different value. The changing of value also occurred in the Normed Chi-Square which shifts from 0.98 to 0.67. This extensiveness of value away the Normed Chi-Square to expected value which is close to 1, instead of close to 1 its value after re-specification became 0.67 that lead to overfit model.

From the table of path t-value, the initial model only demonstrate one path that is CS to WOMI is the only one significant path while the rest show the non significant value. The remove of the lowest non significant value that is ILC to WOMI expect to improvement of Normed Chi-Square and other path to be significant. But the result show there is no significant improvement either in statistical value or the path. The second table above demonstrates the t-value of path. The only one significant path that is CS to WOMI increase from 4.00 to 4.05. The rest paths still keep in non-significant value even though there is little increase in value. The third table above demonstrates there is no improvement in square of multiple correlations in each of the dependent variables. This can be

concluded that the re-specification in the critical ratio or t-value did not give the significant improvement of the structural equation model.

The re-specification through modification indices and t-value has already been evaluated and executed with the result of little significant improvement toward the structural model. By that, the researcher believes that maintaining the first or initial model is the best appropriate to perform the best fit model of structural equation modeling in one-congeneric in this research. The figure below demonstrate the final structural model with its t-value



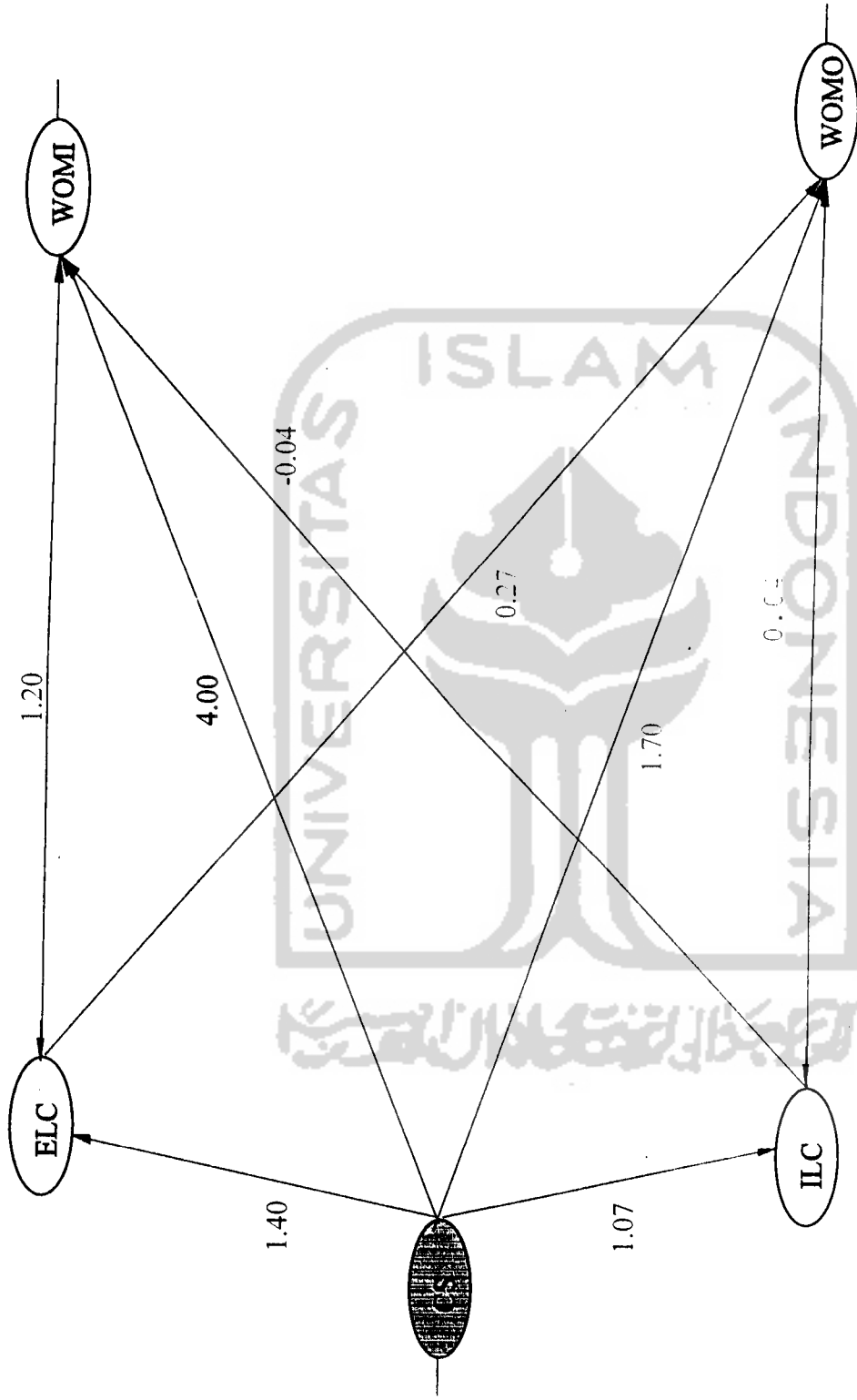


Figure 4. 2. The Final Structural Model (Construct Relationships And *t* values only)

The final model which is the initial model has been established and the goodness of fit statistic also indicates that the model is in the acceptable level and classified as the good model. The next step is to evaluate the hypotheses developed for this research earlier. In the previous chapter, from the literature review elaborated, develop the eight hypotheses regard to this research. The following table summarizes those hypotheses:



Hypothesis	Hypothesized Effect	β or γ	(t-value/ α level)	Result
H1: Individuals who score high on their internal locus of control are more likely to engage in word-of-mouth communications with their out-groups compared to individuals who score low on their internal locus of control (ILC to WOMO).	+	0.00	0.04	Not Supported
H2: Individuals who score high on their internal locus of control are less likely to engage in word-of-mouth communications with their in-groups compared to individuals who score low on their internal locus of control (ILC to WOMI).	-	0.00	-0.04	Not Supported
H3: Individuals who score high on their external locus of control are more likely to engage in word-of-mouth communications with their in-groups compared to individuals who score low on their external locus of control (ELC to WOMI).	+	0.13	1.20	Not Supported
H4: Individuals who score high on their external locus of control are less likely to engage in word-of-mouth communications with their out-groups compared to individuals who score low on their external locus of control.	+	0.03	0.27	Not Supported

Hypothesis	Hypothesized Effect	β or γ	(t-value/ α level)	Result
H5 : The higher score on the customer's satisfaction will affect the higher possibility to engage WOM communication with in-group people (CS to WOMI).	+	0.49	4.00	Supported
H6 : The higher score on the customer's satisfaction will affect the higher possibility to engage WOM communication with out-group people (CS to WOMO).	+	0.19	1.70	Not Supported
H7 : The higher score on the customer's satisfaction will affect the higher possibility for individuals who score high on internal LOC to communicate their experiences toward other (CS to ILC).	+	0.12	1.07	Not Supported
H8 : The higher score on the customer's satisfaction will affect the higher possibility for individuals who score high on external LOC to communicate their experiences toward other (CS to ELC).	+	0.17	1.40	Not Supported

4. 4. Discussion

From the two hypotheses table above, we can recognize that the only hypotheses accepted is only the fifth hypotheses that stated the higher score on the customer's satisfaction will affect the higher possibility to engage WOM communication with in-group people. Satisfaction here in the context of the consumer's consumption toward the convenience good. The literature review shown from the other previous research, the satisfaction of customer will lead to the word of mouth communication, but in this research, in the context of convenience good, the satisfaction of customer do not lead the word of mouth communication to every people. The satisfaction toward convenience good is only lead word of mouth communication to their in-group. People do not talk their experience in convenience good to people who do not have close relationship; they tend to communicate their experience to their only close friend or family. This hypotheses result also show that the locus of control do not have the role in mediating between the satisfaction of customer and the occurrence of word of mouth communication.

People with external locus of control who believe that the decision of their life is dominated by fate, luck or powerful others, by this premise, we assume that they will communicate to ward other people especially to their close friend and family when it comes to the consumption or purchasing. Communication in term of marketing, it can be in the form of giving information, share experience, ask the consideration, and so forth. In fact, in buying decision process, the

Kotler and Armstrong (2001), convenience product can be assessed from the customer buying behavior.

The convenience product has its customer buying behavior which is frequent purchase, little planning, little comparison or shopping effort and low customer involvement. Planning and comparison of product in the buying decision process relate to the need recognition and the information search which involve the communication toward other people about certain product or seeking from the other media, such as magazine, newspaper, advertising and so on. Term little give us understanding that people only need communication if they want to. People usually first to ask information or communicate their experience to other people they feel can be trusted, such as close friend and family. It can be concluded that communication in term little planning and comparison has high possibility happened toward their close friend and family. Murphy and Enis (1986) stated that convenience products are defined as lowest in terms of both effort and risk. That is, the consumer will not spend much money and time in purchasing these products, nor does he/she perceive significant levels of risk in making a selection. Because of the low risk and effort will be as the impact of purchase of convenience product, the customer involvement also become low. People do not need much consideration from many people in purchasing this kind of product. In addition in post-consumption, people would not talk much about their experience.

The literature review chapter, the characteristic of convenience good and decision process already given, according to Assael (1974) there is existed

relationship between decision making process and typology of product. He divided the decision characteristic into three phases, which are Stimulus Characteristic, Mediators, and Response Characteristic. Among characteristic in stimulus, the convenience good will be lack of informational search and stimulus ambiguity, it means people do not really take attention or concern to anyone else's opinion to assist them in making decision to purchase or consume the convenience good. In the response characteristic toward the convenience good, people tend to be high frequency of purchase, high probability of repurchase, little time between intention and purchase, limited physical search and low level of cognitive dissonance. Little time between intentions to buy the convenience good to purchase decision can be concluded that people in consuming the product relatively directly in purchasing rather than considering or comparing to other brand in the same product line. Because, in the mediator phase, the consumer of convenience good tend to be strong in brand attitude. The lack of level in searching information avoided the convenience good consumer to have conflict, it means that the post purchase or consumption also likely to produce the lack of dissonance. As the conclusion, there is match between the convenience good theory and empirical experience of costumer in consuming the convenience good in this current study.

Chapter V

Conclusion and Recommendation

5. 1. Conclusion

Based on the result of this current research that questioning about mediation role of locus of control to customer satisfaction and occurrence of word of mouth communication toward convenience type of good, it can be concluded that:

1. The locus of control does not have a role in mediating of customer satisfaction in occurred the word of mouth communication in the case of convenience good. The locus of control which is defined as the degree to which the individual perceives that the reward (obtained) follows from or is contingent upon his own behavior or attributes and affected in their decision making process and type of communication that they would do not generate people to communicate their experience or do information search about convenience product they intended to. People with external locus of control do not influenced by the power of other to try communicating their experience to either people close to them or not. Even though external locus of control people tend to fall back on their in-group members, who provide a sense of safe companionship and certainty in their perspective, do not automatically by the reason of that they communicate their experience in consuming convenience good to their in-

group member or try to seek information as the consideration in the buying decision process. It also applied in internal locus of control people. Internal locus of control does not apply their confidence in order to communicate or look for information to other when it comes to convenience good.

2. Convenience good maintain its nature and affected people in the way they will communicate to other people. The result showed that customer satisfaction only affected people in this current research to communicate their experience to only people who have strong ties relationship to them. In can be concluded that the attribute of convenience of product such as frequent purchase, low risk and effort, high possibility to repurchase, and low durability definitely have an effect on behavior of people who will consume or after consume that kind of product. In some extent, people will treat convenience good as the other type of product, but generally people will react in the same way about convenience good because the attribute that inherent in convenience good make them do so.
3. This research result give us understanding that Indonesian people, especially the adolescent age which is become the largest percentage in this current research still treat the convenience good suited to what the convenience good nature is. The consciousness of convenience good is because the product is daily used. The word of mouth communication which is become the most effective way to communicate and most efficient way related to the financial cost of marketer do not really applied

Therefore, the perception of convenience may be different among customer. In addition, Anderson (1972) in his research about Convenience Orientation and Consumption Behavior found that stage in the family life cycle affected to the convenience good, it said that the rate of consumption of convenience food items is significantly related to the presence and age distribution. Education and demographic division also found significant affect to the behavior toward convenience food. Since that research was done in the United States and only focused on convenience food, the future development research to the broader convenience good object and with selected sample based on their characteristic might give different perspective on us about behavior toward convenience good.

3. Many marketers in convenience good have done such tremendous effort to assure that their product is not just the daily use product through different approach. For example, lifebuoy extensive their product line to shampoo and advertised it through family approach or indomie which use mother-daughter celebrity endorser to market their product. In my opinion, these products try to use external locus control side to make their product more recognize and finally increase the word of mouth communication among people. However, this research showed that WOM about convenience good only occurred among people who have strong ties relationship. In the previous chapter, explained that the general division among individual personality affects the way they communicate and respond to other people. Eysenk (1970) further said the personality affect the people adjustment

toward their environment. The recommendation is marketing program about convenience good must start from recognizing the individual personality and how they communicate themselves to other people, especially to those who don't have strong ties relationship.



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Respondent	ILC1	ILC2	ILC3	ELC1	ELC2	ELC3	ELC4
1	5	5	2	3	4	3	3
2	2	2	2	3	5	3	1
3	5	5	4	3	3	3	3
4	5	5	3	3	3	2	3
5	5	5	4	3	3	3	2
6	5	5	4	4	3	3	3
7	6	5	5	2	4	2	2
8	6	5	6	6	4	2	1
9	6	4	4	5	3	2	3
10	5	4	5	5	3	5	2
11	5	5	5	2	2	6	5
12	3	4	1	3	3	1	1
13	6	5	5	2	2	4	2
14	5	5	2	3	3	3	3
15	6	5	5	4	4	2	1
16	4	5	2	5	4	2	2
17	3	3	1	3	1	1	1
18	5	6	1	5	5	5	5
19	6	5	3	5	5	5	1
20	6	6	6	4	2	4	2
21	5	5	2	4	3	1	1
22	5	4	1	5	4	1	3
23	6	5	4	5	5	4	4
24	5	5	5	4	3	2	3
25	5	3	1	5	2	1	2
26	1	5	1	5	5	3	3
27	6	6	3	6	6	3	3
28	4	4	3	3	3	4	4
29	4	3	3	2	2	2	3
30	5	4	4	5	4	4	3
31	6	6	5	4	2	1	2
32	4	4	3	4	3	4	3
33	4	4	4	5	4	3	3
34	3	4	2	3	4	4	3
35	5	4	4	3	3	4	3
36	6	6	2	3	2	1	1
37	5	5	4	4	5	3	2
38	4	5	4	4	3	3	2
39	6	5	4	4	4	5	3
40	6	6	6	3	2	2	1
41	3	3	1	4	2	1	1
42	5	5	2	5	5	5	3
43	6	4	3	4	4	3	3
44	5	5	5	5	2	2	1

45	4	5	2	2	2	2	2
46	5	6	6	4	5	4	2
47	4	5	4	4	4	4	1
48	5	5	4	4	3	5	4
49	6	6	6	3	2	2	2
50	3	5	3	3	2	2	2
51	5	5	5	3	4	2	2
52	4	5	2	3	3	1	1
53	5	5	5	3	2	5	3
54	5	6	4	3	4	4	4
55	5	5	4	4	5	4	4
56	4	4	4	5	3	2	5
57	5	4	4	1	2	2	3
58	6	6	4	2	4	1	1
59	5	5	2	4	4	3	2
60	5	5	4	4	3	2	3
61	4	4	4	2	3	4	2
62	6	6	5	3	2	2	2
63	2	2	1	4	2	2	5
64	4	4	3	3	4	2	1
65	4	4	1	3	4	2	3
66	4	4	1	3	4	2	3
67	5	3	2	5	2	4	1
68	6	6	5	3	2	2	2
69	6	6	5	3	2	2	2
70	6	6	6	4	4	5	1
71	5	6	3	4	4	5	3
72	4	4	3	3	3	2	1
73	2	1	1	2	2	4	1
74	2	4	1	2	2	4	2
75	2	4	1	2	2	4	1
76	4	5	4	3	2	2	3
77	6	5	5	2	2	2	2
78	4	5	2	5	4	5	4
79	5	6	2	3	2	2	3
80	2	3	5	2	2	3	2
81	5	5	5	2	2	3	3
82	6	3	2	2	2	2	2
83	2	1	3	4	3	1	1
84	5	5	5	3	2	2	2
85	5	3	4	5	5	4	2
86	5	5	4	4	3	5	4
87	4	5	4	4	4	4	1
88	5	6	6	4	5	4	2
89	4	5	2	2	2	2	2

15	1	4	3	2	3	3	2
16	1	3	5	3	2	4	5
17	1	2	4	5	4	3	3
18	5	5	1	2	3	2	2
19	2	5	3	5	4	5	5
20	2	3	3	5	5	3	3
21	1	2	3	2	4	2	1
22	3	1	3	4	4	2	2
23	3	4	5	6	6	5	5
24	3	4	4	5	4	4	5
25	2	4	3	4	4	3	4
26	2	3	5	5	5	5	5
27	3	4	6	6	6	3	5
28	3	2	3	5	5	5	5
29	2	3	4	5	5	3	3
30	2	2	2	5	4	3	3
31	4	6	5	6	4	5	6
32	3	3	4	4	5	4	5
33	3	3	3	4	4	4	4
34	4	5	3	3	3	5	2
35	3	3	2	4	4	5	5
36	1	3	3	4	3	1	1
37	2	2	2	3	4	5	5
38	1	2	3	4	3	3	3
39	2	3	4	4	4	3	3
40	1	2	2	2	4	3	2
41	1	3	5	3	1	3	1
42	4	2	2	3	3	2	5
43	2	2	4	4	4	5	5
44	2	2	5	5	5	5	5
45	2	4	4	5	2	5	5
46	2	4	2	2	3	3	5
47	4	2	1	2	1	2	2
48	3	5	2	2	3	2	3
49	2	2	2	2	5	2	2
50	3	4	4	5	5	2	4
51	3	4	4	6	3	3	3
52	1	3	2	6	1	1	3
53	2	1	4	4	5	2	4
54	4	4	4	5	6	4	4
55	4	2	2	5	5	5	3
56	4	4	3	4	3	2	3
57	2	1	2	3	1	4	2
58	1	4	1	1	2	2	2
59	2	2	2	2	2	5	5

60	4	5	2	4	4	4	2
61	2	3	3	4	4	2	2
62	2	2	5	5	5	5	1
63	3	3	3	5	2	5	2
64	1	4	3	5	4	6	6
65	3	4	2	4	4	5	4
66	3	4	2	4	4	5	4
67	1	4	2	5	3	2	4
68	1	4	2	4	3	4	4
69	1	4	2	4	3	4	4
70	3	4	4	5	4	5	3
71	3	4	4	5	3	6	3
72	1	3	2	4	6	4	3
73	1	5	2	2	2	4	2
74	2	4	2	2	2	2	2
75	1	4	2	2	2	2	2
76	2	2	3	5	3	6	5
77	2	3	4	4	4	3	3
78	3	5	4	5	5	2	2
79	1	4	3	3	3	3	3
80	2	2	2	2	2	2	2
81	2	3	3	3	4	2	2
82	2	4	3	4	4	4	4
83	2	1	1	3	4	4	5
84	2	4	4	5	5	2	2
85	2	4	4	3	4	2	2
86	3	5	2	2	3	2	3
87	4	2	1	2	1	2	2
88	2	4	2	2	3	3	5
89	2	4	4	5	2	5	5
90	2	2	5	5	5	5	5
91	2	2	4	4	4	5	5
92	4	2	2	3	3	2	5
93	1	3	5	3	1	3	1
94	3	3	3	5	2	5	2
95	2	5	4	3	2	2	2
96	2	2	5	5	5	5	1
97	2	3	3	4	5	2	2
98	4	5	2	4	4	4	2
99	2	2	2	2	2	5	5
100	1	4	1	1	2	2	2
101	2	1	2	3	1	4	2
102	4	3	2	5	5	5	3
103	4	4	3	4	3	2	3
104	4	4	4	5	4	4	4

105	3	4	4	6	3	3	3
106	3	4	4	5	5	2	4
107	2	2	2	2	5	2	2
108	4	5	3	5	4	3	3
109	1	3	5	6	5	1	3
110	1	1	5	5	5	2	2
111	1	3	6	5	4	2	2
112	3	1	4	4	4	2	3
113	2	1	5	5	5	4	3
114	6	5	6	6	6	4	5
115	2	5	6	2	1	4	2

Table Continued.

Respondent	WOMI3	WOMI4	WOMO1	WOMO2	WOMO3	WOMO4
1	2	2	2	3	2	3
2	2	2	3	3	3	3
3	5	3	2	2	2	2
4	4	3	3	3	3	3
5	2	2	3	3	3	3
6	3	3	3	3	3	3
7	2	2	2	2	2	2
8	3	2	2	2	3	3
9	5	5	1	1	1	1
10	3	3	2	2	3	3
11	5	5	3	3	3	3
12	2	2	2	2	5	5
13	3	3	3	3	2	2
14	3	3	3	3	3	3
15	2	2	2	2	2	3
16	5	6	2	4	4	3
17	3	3	3	4	4	4
18	5	2	2	5	2	2
19	5	5	3	5	3	5
20	4	2	5	3	2	2
21	2	4	2	3	2	4
22	5	3	2	2	5	3
23	4	5	2	2	2	2
24	2	4	3	2	3	3
25	4	2	2	3	2	2
26	5	5	2	2	2	2
27	1	1	3	3	2	2
28	3	3	2	2	2	2

29	4	3	4	2	3	3
30	4	3	4	3	3	3
31	4	3	6	4	6	2
32	3	3	5	3	2	2
33	4	4	2	2	3	2
34	2	2	3	3	3	2
35	4	4	2	2	2	2
36	1	1	1	1	1	1
37	5	3	2	2	2	2
38	3	2	2	2	2	2
39	3	3	3	2	3	3
40	1	1	4	2	1	1
41	3	2	2	2	2	2
42	5	2	1	1	1	3
43	5	4	5	5	5	4
44	5	5	2	2	2	2
45	2	5	2	2	2	2
46	4	4	2	2	2	2
47	1	1	2	4	2	4
48	4	5	4	3	2	2
49	2	2	4	4	4	4
50	3	4	2	2	2	3
51	3	4	1	1	1	2
52	6	6	3	5	5	5
53	5	3	2	4	5	3
54	4	4	4	4	4	4
55	4	2	3	3	3	3
56	4	3	2	2	2	2
57	4	2	4	3	3	3
58	4	1	1	1	1	1
59	5	5	2	2	2	2
60	5	5	2	2	2	2
61	4	2	2	3	2	2
62	2	2	2	2	2	2
63	2	2	3	3	2	3
64	3	3	3	3	3	3
65	4	5	2	2	2	2
66	4	5	2	2	2	2
67	4	1	3	2	2	3
68	3	1	4	3	3	3
69	3	1	4	3	3	3
70	2	2	2	2	1	1
71	5	5	2	2	1	3
72	2	1	3	2	2	1
73	2	2	2	2	2	2

74	2	2	2	2	2	2
75	2	2	2	2	2	2
76	5	6	4	3	3	2
77	3	3	2	2	1	3
78	3	1	2	2	6	2
79	3	3	4	4	4	4
80	2	2	2	2	4	2
81	1	2	2	3	2	1
82	2	2	2	3	2	2
83	4	5	2	3	3	1
84	2	3	3	3	2	2
85	2	2	2	2	2	2
86	4	5	4	3	2	2
87	1	1	2	4	2	4
88	4	4	2	2	2	2
89	2	5	2	2	2	2
90	5	5	2	2	2	2
91	5	4	5	5	5	4
92	5	2	1	1	1	3
93	3	2	2	2	2	2
94	2	2	3	3	2	2
95	5	4	1	1	1	1
96	2	2	2	2	2	2
97	4	2	2	3	2	2
98	5	5	2	2	2	2
99	5	5	2	2	2	2
100	4	1	1	1	1	1
101	4	2	4	3	3	3
102	4	2	3	3	3	3
103	4	3	2	2	2	2
104	4	4	4	4	4	4
105	4	4	1	1	1	2
106	3	4	2	2	2	3
107	2	2	4	4	4	4
108	2	2	1	1	1	1
109	2	3	6	5	6	5
110	1	6	5	6	5	5
111	1	1	6	5	6	5
112	2	2	1	5	6	4
113	2	1	5	5	6	5
114	6	1	2	3	5	1
115	6	4	2	6	4	1

Demographic table

Respondent	Age	Sex	Education	Occupation	Salary
1	5	1	3	4	1
2	4	2	4	1	1
3	5	2	4	4	5
4	2	2	5	4	3
5	3	2	5	4	5
6	2	2	3	6	5
7	6	1	5	1	4
8	2	1	3	6	2
9	3	1	5	4	6
10	3	1	3	6	2
11	1	1	4	6	5
12	1	1	5	3	2
13	1	1	3	6	7
14	2	1	2	4	8
15	2	1	3	3	1
16	4	2	4	5	2
17	5	1	5	2	6
18	1	2	5	3	3
19	4	2	3	5	3
20	3	1	5	3	3
21	2	2	3	6	2
22	1	2	3	6	2
23	2	2	3	6	8
24	2	1	5	6	1
25	3	1	3	4	1
26	5	1	6	3	8
27	2	1	4	3	3
28	2	2	3	6	2
29	1	1	3	6	1
30	2	1	3	6	1
31	1	2	3	6	1
32	2	2	3	6	1
33	2	1	3	6	1
34	1	1	3	6	1
35	2	1	3	6	2
36	2	1	5	6	8
37	2	1	5	6	3
38	1	1	3	6	2
39	1	1	3	6	8
40	2	2	3	6	8
41	2	2	5	4	2
42	1	2	3	4	1

88	4	1	3	3	2
89	3	1	4	4	1
90	2	2	3	6	1
91	2	1	5	6	2
92	1	2	3	4	1
93	2	2	5	4	2
94	2	1	4	6	2
95	1	1	3	6	2
96	2	1	3	6	4
97	6	1	5	1	4
98	2	2	3	6	4
99	2	2	3	6	5
100	2	1	3	6	1
101	2	1	5	6	1
102	2	1	3	6	1
103	2	1	3	6	1
104	2	1	3	6	3
105	2	1	5	6	4
106	1	2	3	6	1
107	2	1	5	6	1
108	2	2	3	6	8
109	4	2	6	3	8
110	4	2	3	4	2
111	6	2	4	5	7
112	5	2	5	5	6
113	4	2	5	3	8
114	5	2	5	5	6
115	4	2	4	4	6

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

44	5,00	2,00	1,00	5,00	5,00
45	5,00	2,00	2,00	4,00	4,00
46	4,00	2,00	2,00	6,00	2,00
47	2,00	3,00	2,00	5,00	1,00
48	2,00	3,00	3,00	5,00	2,00
49	2,00	4,00	2,00	6,00	2,00
50	3,00	2,00	2,00	4,00	4,00
51	3,00	1,00	2,00	5,00	5,00
52	2,00	5,00	1,00	4,00	4,00
53	3,00	4,00	2,00	5,00	4,00
54	4,00	4,00	4,00	5,00	4,00
55	4,00	3,00	4,00	5,00	3,00
56	2,00	2,00	4,00	4,00	3,00
57	3,00	3,00	2,00	5,00	2,00
58	2,00	1,00	1,00	6,00	1,00
59	5,00	2,00	2,00	4,00	2,00
60	3,00	2,00	3,00	5,00	3,00
61	2,00	3,00	2,00	4,00	3,00
62	3,00	2,00	2,00	6,00	5,00
63	3,00	3,00	4,00	2,00	4,00
64	6,00	3,00	1,00	4,00	4,00
65	4,00	2,00	3,00	3,00	3,00
66	4,00	2,00	3,00	3,00	3,00
67	3,00	2,00	1,00	4,00	3,00
68	4,00	3,00	1,00	6,00	3,00
69	4,00	3,00	1,00	6,00	3,00
70	4,00	2,00	2,00	6,00	4,00
71	4,00	2,00	3,00	5,00	4,00
72	3,00	2,00	1,00	4,00	3,00
73	3,00	2,00	1,00	2,00	2,00
74	2,00	2,00	2,00	2,00	2,00
75	2,00	2,00	1,00	2,00	2,00
76	5,00	3,00	2,00	5,00	4,00
77	3,00	2,00	2,00	6,00	4,00
78	2,00	3,00	3,00	4,00	4,00
79	3,00	4,00	2,00	5,00	3,00
80	2,00	3,00	2,00	3,00	2,00
81	2,00	3,00	2,00	5,00	3,00
82	4,00	3,00	2,00	4,00	3,00
83	4,00	3,00	1,00	2,00	2,00
84	2,00	3,00	2,00	5,00	4,00
85	2,00	2,00	2,00	4,00	3,00
86	2,00	3,00	3,00	5,00	2,00
87	2,00	3,00	2,00	5,00	1,00
88	4,00	2,00	2,00	6,00	2,00

89	5,00	2,00	2,00	4,00	4,00
90	5,00	2,00	1,00	5,00	5,00
91	5,00	5,00	2,00	5,00	4,00
92	3,00	1,00	3,00	4,00	2,00
93	2,00	2,00	1,00	3,00	4,00
94	3,00	3,00	4,00	2,00	4,00
95	2,00	1,00	2,00	4,00	3,00
96	3,00	2,00	2,00	6,00	5,00
97	2,00	3,00	2,00	4,00	3,00
98	3,00	2,00	3,00	5,00	3,00
99	5,00	2,00	2,00	4,00	2,00
100	2,00	1,00	1,00	6,00	1,00
101	3,00	3,00	2,00	5,00	2,00
102	4,00	3,00	4,00	5,00	3,00
103	2,00	2,00	4,00	4,00	3,00
104	4,00	4,00	4,00	6,00	4,00
105	3,00	1,00	2,00	5,00	5,00
106	3,00	2,00	2,00	4,00	4,00
107	2,00	4,00	2,00	6,00	2,00
108	3,00	1,00	4,00	5,00	4,00
109	2,00	6,00	1,00	5,00	5,00
110	2,00	6,00	1,00	5,00	5,00
111	2,00	6,00	1,00	4,00	5,00
112	2,00	5,00	2,00	6,00	4,00
113	3,00	5,00	2,00	5,00	5,00
114	4,00	3,00	5,00	3,00	6,00
115	3,00	5,00	2,00	3,00	4,00





**APPENDIX B:
QUESTIONNAIRE**

THE QUESTIONNAIRE

BAGIAN 1: INTERNAL LOCUS OF CONTROL

Pernyataan-pernyataan dibawah ini berkenaan dengan kepribadian anda. Tunjukkan pendapat anda dengan memberi tanda silang (X) pada nomor yang anda anggap paling sesuai.

		Sama Sekali Tidak Setuju					Setuju Sekali
1	Hidup saya ditentukan oleh apa yang saya lakukan	1	2	3	4	5	6
2	Ketika saya memperoleh apa yang saya inginkan, itu dikarenakan oleh usaha keras yang saya lakukan	1	2	3	4	5	6
3	Saya bisa menentukan apa yang akan terjadi pada hidup saya	1	2	3	4	5	6

Catatan: 1 = Sama Sekali Tidak Setuju 2 = Tidak Setuju 3 = Agak Tidak Setuju
 4 = Agak Setuju 5 = Setuju 6 = Setuju Sekali

BAGIAN 2: EXTERNAL LOCUS OF CONTROL

Pernyataan-pernyataan dibawah ini berkenaan dengan kepribadian anda. Tunjukkan pendapat anda dengan memberi tanda silang (X) pada nomor yang anda anggap paling sesuai.

		Sama Sekali Tidak Setuju					Setuju Sekali
1	Dalam banyak hal, hidup saya ditentukan oleh kejadian di luar dugaan saya	1	2	3	4	5	6
2	Ketika saya memperoleh apa yang saya inginkan, itu dikarenakan oleh keberuntungan saya	1	2	3	4	5	6
3	Bagi saya nampaknya kurang bijak untuk merencanakan sesuatu terlalu jauh, karena segala sesuatu tidak lepas dari masalah keberuntungan atau ketidakberuntungan	1	2	3	4	5	6
4	Saya merasa apa yang terjadi pada hidup saya sebagian besar ditentukan oleh kekuatan atau kekuasaan orang lain	1	2	3	4	5	6
5	Pada dasarnya hidup saya dipengaruhi oleh kekuatan atau kekuasaan orang lain	1	2	3	4	5	6
6	Orang seperti saya sangat susah untuk melindungi kepentingan pribadi ketika kepentingan tersebut bertentangan dengan kepentingan kelompok yang lebih kuat	1	2	3	4	5	6

BAGIAN 3: CUSTOMER SATISFACTION

Pernyataan-pernyataan dibawah ini berkenaan dengan produk yang telah anda beli seperti pakaian, sepatu dan tas. Tunjukkan pendapat anda dengan memberi tanda silang (X) pada nomor yang anda anggap paling sesuai.

		Sama Sekali Tidak Setuju					Setuju Sekali
1	Kinerja produk yang saya beli melebihi harapan saya	1	2	3	4	5	6
2	Secara keseluruhan saya merasa puas dengan produk yang saya beli	1	2	3	4	5	6
3	Produk yang saya beli tersebut adalah produk yang paling baik dibandingkan dengan produk sejenis lainnya	1	2	3	4	5	6

BAGIAN 4: WORD OF MOUTH COMMUNICATION (IN-GROUP)

Pernyataan-pernyataan dibawah ini berkenaan dengan kebiasaan anda membicarakan merek atau produk dengan orang lain. Tunjukkan pendapat anda dengan memberi tanda silang (X) pada nomor yang anda anggap paling sesuai.

		Sama Sekali Tidak Setuju					Setuju Sekali
1	Saya suka memperkenalkan merek dan produk baru kepada teman dekat atau keluarga saya	1	2	3	4	5	6
2	Saya hanya memberikan informasi tentang merek dan produk baru kepada teman dekat atau keluarga saya	1	2	3	4	5	6
3	Saya suka mencari informasi atau saran hanya dari teman dekat atau keluarga saya ketika akan memutuskan pembelian sebuah produk	1	2	3	4	5	6
4	Saya hanya mencari informasi tentang sebuah produk yang akan saya beli dari teman dekat atau keluarga saya	1	2	3	4	5	6

Catatan: 1 = Sama Sekali Tidak Setuju 2 = Tidak Setuju 3 = Agak Tidak Setuju
4 = Agak Setuju 5 = Setuju 6 = Setuju Sekali

BAGIAN 5: WORD OF MOUTH COMMUNICATION (OUT-GROUP)

Pernyataan-pernyataan dibawah ini berkenaan dengan kebiasaan anda membicarakan merek atau produk dengan orang lain. Tunjukkan pendapat anda dengan memberi tanda silang (X) pada nomor yang anda anggap paling sesuai.

		Sama Sekali Tidak Setuju					Setuju Sekali
1	Saya lebih suka memperkenalkan merek dan produk baru kepada orang lain daripada kepada teman dekat atau keluarga saya	1	2	3	4	5	6
2	Saya lebih suka berbagi informasi tentang merek dan produk baru dengan orang lain daripada dengan teman dekat atau keluarga saya	1	2	3	4	5	6
3	Saya lebih suka meminta saran dari orang lain daripada dari teman dekat atau keluarga saya tentang merek yang akan saya beli	1	2	3	4	5	6
4	Saya lebih suka mencari informasi dan saran dari orang lain daripada dari teman dekat atau keluarga saya sebelum saya memutuskan pembelian suatu produk	1	2	3	4	5	6

BAGIAN 6: KARAKTERISTIK DEMOGRAFI

Pertanyaan berikut berkenaan dengan informasi personal anda. Jawablah pertanyaan tersebut dengan memberi tanda silang (X) pada nomor yang anda anggap paling sesuai.

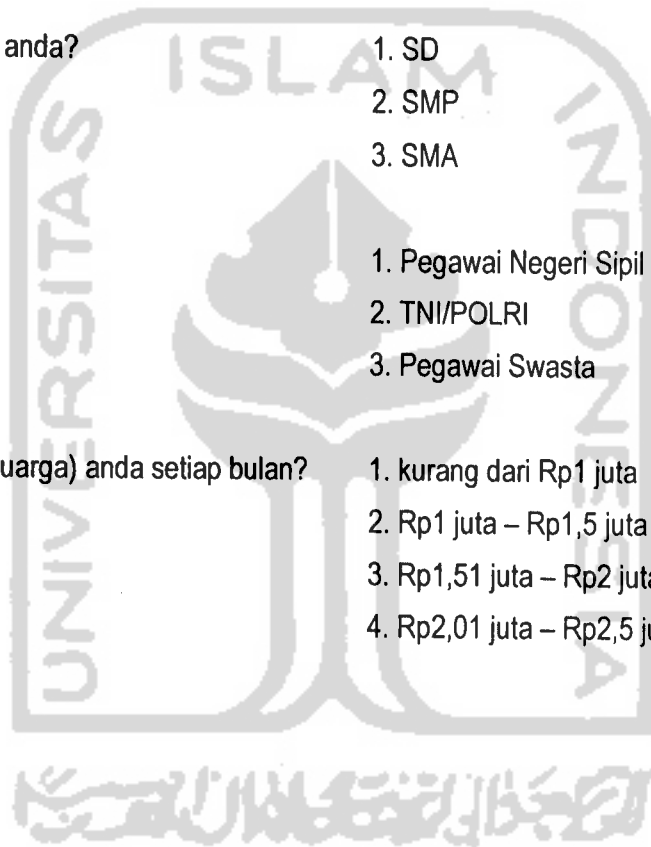
1. Berapa usia anda pada ulang tahun terakhir ?
 1. kurang dari 20
 2. 20 – 25
 3. 26 – 30
 4. 31 – 35
 5. 36 – 40
 6. lebih dari 40

2. Apa jenis kelamin anda?
 1. Laki-laki
 2. Perempuan

3. Apa pendidikan terakhir anda?
 1. SD
 2. SMP
 3. SMA
 4. Diploma
 5. Sarjana
 6. Pasca Sarjana

4. Apa pekerjaan anda?
 1. Pegawai Negeri Sipil
 2. TNI/POLRI
 3. Pegawai Swasta
 4. Wiraswasta
 5. Ibu Rumah Tangga
 6. Mahasiswa

5. Berapa penghasilan (keluarga) anda setiap bulan?
 1. kurang dari Rp1 juta
 2. Rp1 juta – Rp1,5 juta
 3. Rp1,51 juta – Rp2 juta
 4. Rp2,01 juta – Rp2,5 juta
 5. Rp2,51 juta – Rp3 juta
 6. Rp3,01 juta – Rp3,5 juta
 7. Rp3,51 juta – Rp4 juta
 8. lebih dari p4 juta



THE QUESTIONNAIRE

PART 1: INTERNAL LOCUS OF CONTROL

Statements below related to your personality. Show your opinions by giving cross (X) sign in the most appropriate number.

		Strongly disagree					Strongly Agree
1	My life is determined by my own actions	1	2	3	4	5	6
2	When I get what I want it is usually because I worked hard for it	1	2	3	4	5	6
3	I can pretty much determine what will happen in my life	1	2	3	4	5	6

Note: 1 = Strongly disagree 2 = Disagree 3 = Somehow disagree
 4 = Somehow agree 5 = Agree 6 = Strongly agree

PART 2: EXTERNAL LOCUS OF CONTROL

Statements below related to your personality. Show your opinions by giving cross (X) sign in the most appropriate number.

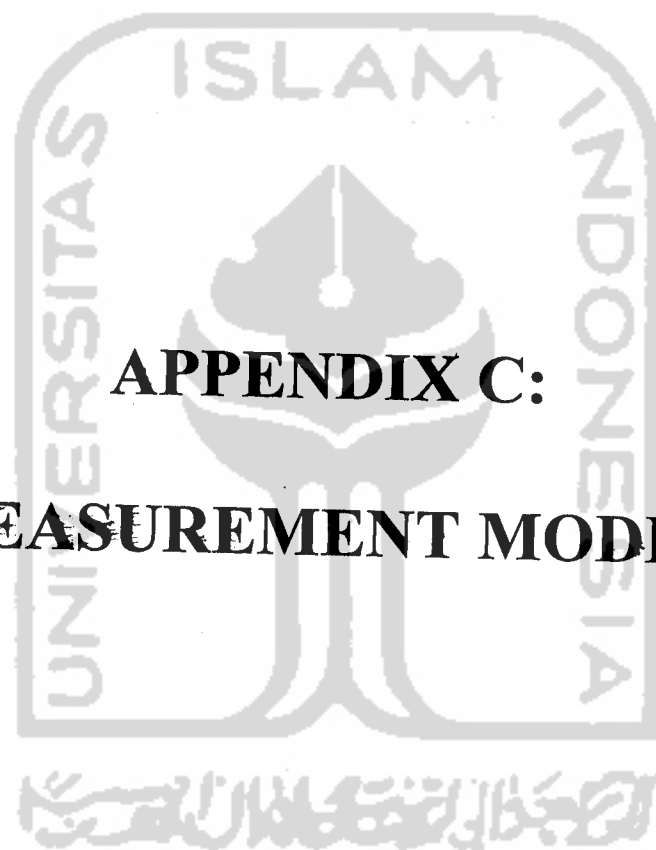
		Strongly disagree					Strongly Agree
1	To a great extent my life is controlled by accidental happenings	1	2	3	4	5	6
2	When I get what I want it is usually because I am lucky	1	2	3	4	5	6
3	It is not always wise for me to plan too far ahead because many things turn out to be a matter of good or bad luck	1	2	3	4	5	6
4	I feel like what happens in my life is mostly determined by powerful people	1	2	3	4	5	6
5	My life is chiefly controlled by powerful others	1	2	3	4	5	6
6	People like me have little chance of protecting our personal interests when they conflict with those of strong pressure groups	1	2	3	4	5	6

PART 6: DEMOGRAPHICS CHARACTERISTICS

Questions below related with your personal information. Answer the questions by giving cross sign (X) in the most suitable number

- | | | |
|---|---------------------------|---------------------------|
| 1. In the last birthday, how old are you? | 1. less than 20 | 4. 31 – 35 |
| | 2. 20 – 25 | 5. 36 – 40 |
| | 3. 26 – 30 | 6. more than 40 |
| 2. What is your gender? | 1. Male | 2. Female |
| 3. What is your last education? | 1. Elementary school | 4. Diploma |
| | 2. Junior high school | 5. Under graduate |
| | 3. Senior high school | 6. Post graduate |
| 4. What is your occupation? | 1. Government officer | 4. Entrepreneur |
| | 2. Army/Police officer | 5. Housewives |
| | 3. Non-government officer | 6. Students |
| 5. How much is the salary of your family in each month? | 1. less than Rp1 million | 5. Rp2,51 – Rp3 million |
| | 2. Rp1 – Rp1,5 million | 6. Rp3,01 – Rp3,5 million |
| | 3. Rp1,51 – Rp2 million | 7. Rp3,51 – Rp4 million |
| | 4. Rp2,01 – Rp2,5 million | 8. more than 4 million |





APPENDIX C:
MEASUREMENT MODEL

Measurement Model

Word of Mouth Communication In-Group (WOMI)

1. First Confirmatory Factor Analysis (CFA)

Syntax

WORD OF MOUTH COMMUNICATION INTERNAL

CONGENERIC MODEL

DA NI=4 NO=115 MA=PM

PM=D:\Campus\UII\Thesis\TWO\WOMI\WOMI.PMM

AC=D:\Campus\UII\Thesis\TWO\WOMI\WOMI.ACM

LA

WOMI1 WOMI2 WOMI3 WOMI4

SE

1 2 3 4 \

MO NX=4 NK=1 LX=FU,FR PH=SY,FR TD=DI

LK

WOMI

PD

OU MI FS SS AD=OFF

Output

Number of Input Variables 4
Number of Y - Variables 0
Number of X - Variables 4
Number of ETA - Variables 0
Number of KSI - Variables 1
Number of Observations 115

Correlation Matrix to be Analyzed

	WOMI1	WOMI2	WOMI3	WOMI4
WOMI1	1.00			
WOMI2	0.51	1.00		
WOMI3	0.29	0.42	1.00	
WOMI4	0.33	0.40	0.54	1.00

Parameter Specifications

LAMBDA-X

	WOMI
WOMI1	1
WOMI2	2
WOMI3	3
WOMI4	4

THETA-DELTA

WOMI1	WOMI2	WOMI3	WOMI4
5	6	7	8

LISREL Estimates (Weighted Least Squares)

LAMBDA-X

	WOMI
WOMI1	0.66 (0.09)
WOMI2	7.54 0.77 (0.07)
WOMI3	10.61 0.69 (0.07)
WOMI4	9.55 0.65 (0.08) 7.75

PHI

WOMI	1.00
-------------	------

THETA-DELTA

WOMI1	WOMI2	WOMI3	WOMI4
0.57 (0.15)	0.41 (0.14)	0.52 (0.14)	0.57 (0.14)
3.83	2.85	3.82	3.95

Squared Multiple Correlations for X - Variables

WOMI1	WOMI2	WOMI3	WOMI4
0.43	0.59	0.48	0.43

Goodness of Fit Statistics

Degrees of Freedom = 2
Minimum Fit Function Chi-Square = 8.86 (P = 0.012)
Estimated Non-centrality Parameter (NCP) = 6.86
90 Percent Confidence Interval for NCP = (1.09 ; 20.10)

Minimum Fit Function Value = 0.078
Population Discrepancy Function Value (F0) = 0.060
90 Percent Confidence Interval for F0 = (0.0096 ; 0.18)
Root Mean Square Error of Approximation (RMSEA) = 0.17
90 Percent Confidence Interval for RMSEA = (0.069 ; 0.30)
P-Value for Test of Close Fit (RMSEA < 0.05) = 0.030

Expected Cross-Validation Index (ECVI) = 0.22
90 Percent Confidence Interval for ECVI = (0.17 ; 0.33)
ECVI for Saturated Model = 0.18
ECVI for Independence Model = 3.30

Chi-Square for Independence Model with 6 Degrees of Freedom = 367.90
Independence AIC = 375.90
Model AIC = 24.86
Saturated AIC = 20.00
Independence CAIC = 390.88
Model CAIC = 54.82
Saturated CAIC = 57.45

Root Mean Square Residual (RMR) = 0.082
Standardized RMR = 0.082
Goodness of Fit Index (GFI) = 0.98
Adjusted Goodness of Fit Index (AGFI) = 0.92
Parsimony Goodness of Fit Index (PGFI) = 0.20

Normed Fit Index (NFI) = 0.98
Non-Normed Fit Index (NNFI) = 0.94
Parsimony Normed Fit Index (PNFI) = 0.33
Comparative Fit Index (CFI) = 0.98
Incremental Fit Index (IFI) = 0.98
Relative Fit Index (RFI) = 0.93

Critical N (CN) = 119.57

Modification Indices and Expected Change

No Non-Zero Modification Indices for LAMBDA-X

No Non-Zero Modification Indices for PHI

Modification Indices for THETA-DELTA

	WOMI1	WOMI2	WOMI3	WOMI4
WOMI1	--			
WOMI2	8.25	--		
WOMI3	4.69	0.38	--	
WOMI4	0.38	4.69	8.25	--

Expected Change for THETA-DELTA

	WOMI1	WOMI2	WOMI3	WOMI4
WOMI1	--			
WOMI2	0.39	--		
WOMI3	-0.15	0.06	--	
WOMI4	0.05	-0.17	0.35	--

Maximum Modification Index is 8.25 for Element (2, 1) of THETA-DELTA

Factor Scores Regressions

KSI

WOMI	WOMI1	WOMI2	WOMI3	WOMI4
	0.24	0.38	0.27	0.24

Standardized Solution

LAMBDA-X

	WOMI
WOMI1	0.66
WOMI2	0.77
WOMI3	0.69
WOMI4	0.65

PHI

WOMI
1.00

2. Second Confirmatory Factor Analysis (CFA)

Syntax

WORD OF MOUTH COMMUNICATION INTERNAL

CONGENERIC MODEL

DA NI=4 NO=115 MA=PM

PM=D:\Campus\UII\Thesis\TWO\WOMI\WOMI.PMM

AC=D:\Campus\UII\Thesis\TWO\WOMI\WOMI.ACM

LA

WOMI1 WOMI2 WOMI3 WOMI4

SE

1 2 3 /

MO NX=3 NK=1 LX=FU,FR PH=SY,FR TD=DI

LK

WOMI

PD

OU MI FS SS AD=OFF

Output

Number of Input Variables 4
Number of Y - Variables 0
Number of X - Variables 3
Number of ETA - Variables 0
Number of KSI - Variables 1
Number of Observations 115

Correlation Matrix to be Analyzed

	WOMI1	WOMI2	WOMI3
WOMI1	1.00		
WOMI2	0.51	1.00	
WOMI3	0.29	0.42	1.00

Parameter Specifications

LAMBDA-X

	WOMI
WOMI1	1
WOMI2	2
WOMI3	3

THETA-DELTA

WOMI1	WOMI2	WOMI3
4	5	6

LISREL Estimates (Weighted Least Squares)

LAMBDA-X

	WOMI
WOMI1	0.59 (0.12)
WOMI2	5.12 0.86 (0.12)
WOMI3	7.24 0.49 (0.10) 4.79

PHI

WOMI	1.00
-------------	------

THETA-DELTA

WOMI1	WOMI2	WOMI3
0.65 (0.17)	0.25 (0.23)	0.76 (0.14)
3.92	1.11	5.58

Squared Multiple Correlations for X - Variables

WOMI1	WOMI2	WOMI3
0.35	0.75	0.24

Goodness of Fit Statistics

Degrees of Freedom = 0
Minimum Fit Function Chi-Square = 0.00 (P = 1.00)

The Model is Saturated, the Fit is Perfect !

Modification Indices and Expected Change

No Non-Zero Modification Indices for LAMBDA-X

No Non-Zero Modification Indices for PHI

No Non-Zero Modification Indices for THETA-EPS

Factor Scores Regressions

KSI

WOMI	WOMI1	WOMI2	WOMI3
	0.19	0.71	0.13

Standardized Solution

LAMBDA-X

WOMI	WOMI
WOMI1	0.59
WOMI2	0.86
WOMI3	0.49

PHI

WOMI
1.00

3. Third Confirmatory Factor Analysis
WORD OF MOUTH COMMUNICATION INTERNAL
CONGENERIC MODEL

DA NI=4 NO=115 MA=PM

PM=D:\Campus\UII\Thesis\TWO\WOMI\WOMI.PMM

AC=D:\Campus\UII\Thesis\TWO\WOMI\WOMI.ACM

LA

WOMI1 WOMI2 WOMI3 WOMI4

SE

1 2 /

MO NX=2 NK=1 LX=FU,FR PH=SY,FR TD=DI

LK

WOMI

EQ TD 1 1 TD 2 2

PD

OU MI FS SS AD=OFF

Output

Number of Y - Variables	0
Number of X - Variables	2
Number of ETA - Variables	0
Number of KSI - Variables	1
Number of Observations	115

Correlation Matrix to be Analyzed

	WOMI1	WOMI2
WOMI1	1.00	
WOMI2	0.51	1.00

Parameter Specifications

LAMBDA-X

	WOMI
WOMI1	1
WOMI2	2
THETA-DELTA	
WOMI1	WOMI2
3	3

LISREL Estimates (Weighted Least Squares)

LAMBDA-X	
	WOMI
WOMI1	0.72 (0.07) 9.96
WOMI2	0.72 (0.07) 9.96

PHI

WOMI
1.00

THETA-DELTA

WOMI1	WOMI2
0.49	0.49
(0.10)	(0.10)
4.76	4.76

Squared Multiple Correlations for X - Variables

WOMI1	WOMI2
0.51	0.51

Goodness of Fit Statistics

Degrees of Freedom = 0
Minimum Fit Function Chi-Square = 0.00 (P = 1.00)

The Model is Saturated, the Fit is Perfect !

Modification Indices and Expected Change

No Non-Zero Modification Indices for LAMBDA-X

No Non-Zero Modification Indices for PHI

No Non-Zero Modification Indices for THETA-EPS

WORD OF MOUTH COMMUNICATION INTERNAL

Factor Scores Regressions

KSI

WOMI	WOMI1	WOMI2
	0.47	0.47

Standardized Solution

LAMBDA-X

	WOMI
WOMI1	0.72
WOMI2	0.72

PHI

WOMI
1.00



Measurement Model

Word of Mouth Communication Out-Group (WOMO)

1. First Confirmatory Factor Analysis (CFA)

Syntax

```
CONGENERIC MODEL
DA NI=4 NO=115 MA=PM
PM=D:\\Campus\\UII\\Thesis\\TWO\\WOMO\\WOMO.PMM
AC=D:\\Campus\\UII\\Thesis\\TWO\\WOMO\\WOMO.ACM
LA
WOMO1 WOMO2 WOMO3 WOMO4
SE
1 2 3 4 \\
MO NX=4 NK=1 LX=FU,FR PH=SY,FR TD=DI
LK
WOMO
PD
OU MI FS SS AD=OFF
```

Output

```
Number of Input Variables 4
Number of Y - Variables 0
Number of X - Variables 4
Number of ETA - Variables 0
Number of KSI - Variables 1
Number of Observations 115
```

Correlation Matrix to be Analyzed

	WOMO1	WOMO2	WOMO3	WOMO4
WOMO1	1.00			

WOMO2	0.73	1.00		
WOMO3	0.67	0.79	1.00	
WOMO4	0.54	0.61	0.64	1.00

Parameter Specifications

LAMBDA-X

	WOMO
WOMO1	1
WOMO2	2
WOMO3	3
WOMO4	4

THETA-DELTA

WOMO1	WOMO2	WOMO3	WOMO4
5	6	7	8

LISREL Estimates (Weighted Least Squares)

LAMBDA-X

	WOMO
WOMO1	0.81 (0.06)
WOMO2	13.49 0.91 (0.04)
WOMO3	24.69 0.88 (0.05)

Expected Cross-Validation Index (ECVI) = 0.16
90 Percent Confidence Interval for ECVI = (0.16 ; 0.20)
ECVI for Saturated Model = 0.18
ECVI for Independence Model = 8.13

Chi-Square for Independence Model with 6 Degrees of Freedom = 918.97

Independence AIC = 926.97

Model AIC = 16.95

Saturated AIC = 20.00

Independence CAIC = 941.95

Model CAIC = 46.91

Saturated CAIC = 57.45

Root Mean Square Residual (RMR) = 0.019

Standardized RMR = 0.019

Goodness of Fit Index (GFI) = 1.00

Adjusted Goodness of Fit Index (AGFI) = 0.99

Parsimony Goodness of Fit Index (PGFI) = 0.20

Normed Fit Index (NFI) = 1.00

Non-Normed Fit Index (NNFI) = 1.00

Parsimony Normed Fit Index (PNFI) = 0.33

Comparative Fit Index (CFI) = 1.00

Incremental Fit Index (IFI) = 1.00

Relative Fit Index (RFI) = 1.00

Critical N (CN) = 1109.77

Modification Indices and Expected Change

No Non-Zero Modification Indices for LAMBDA-X

No Non-Zero Modification Indices for PHI

Modification Indices for THETA-DELTA

	WOMO1	WOMO2	WOMO3	WOMO4
WOMO1	--			
WOMO2	0.90	--		
WOMO3	0.54	0.07	--	
WOMO4	0.07	0.54	0.90	--

Expected Change for THETA-DELTA

	WOMO1	WOMO2	WOMO3	WOMO4
WOMO1	--			
WOMO2	0.09	--		
WOMO3	-0.06	-0.03	--	
WOMO4	-0.02	-0.06	0.07	--

Maximum Modification Index is 0.90 for Element (2, 1) of THETA-DELTA

WORD OF MOUTH COMMUNICATION EXTERNAL

Factor Scores Regressions

KSI

	WOMO1	WOMO2	WOMO3	WOMO4
WOMO	0.19	0.46	0.31	0.11

Standardized Solution

LAMBDA-X

	WOMO
WOMO1	0.81
WOMO2	0.91
WOMO3	0.88
WOMO4	0.70

PHI

WOMO
1.00



2. Second Confirmatory Factor Analysis (CFA)

Syntax

```
CONGENERIC MODEL
DA NI=4 NO=115 MA=PM
PM=D:\\Campus\\UII\\Thesis\\TWO\\WOMO\\WOMO.PMM
AC=D:\\Campus\\UII\\Thesis\\TWO\\WOMO\\WOMO.ACM
LA
WOMO1 WOMO2 WOMO3 WOMO4
SE
1 2 3/
MO NX=3 NK=1 LX=FU,FR PH=SY,FR TD=DI
LK
WOMO
PD
OU MI FS SS AD=OFF
```

Output

```
Number of Input Variables 4
Number of Y - Variables 0
Number of X - Variables 3
Number of ETA - Variables 0
Number of KSI - Variables 1
Number of Observations 115
```

Correlation Matrix to be Analyzed

	WOMO1	WOMO2	WOMO3
WOMO1	1.00		
WOMO2	0.73	1.00	
WOMO3	0.67	0.79	1.00

Parameter Specifications

LAMBDA-X

	WOMO
WOMO1	1
WOMO2	2
WOMO3	3

THETA-DELTA

WOMO1	WOMO2	WOMO3
4	5	6

LISREL Estimates (Weighted Least Squares)

LAMBDA-X

	WOMO
WOMO1	0.79 (0.07) 11.55
WOMO2	0.93 (0.04) 22.78
WOMO3	0.85 (0.06) 15.30

PHI

WOMO
1.00

THETA-DELTA

WOMO1	WOMO2	WOMO3
0.37	0.14	0.28
(0.14)	(0.12)	(0.13)
2.59	1.18	2.10

Squared Multiple Correlations for X - Variables

WOMO1	WOMO2	WOMO3
0.63	0.86	0.72

Goodness of Fit Statistics

Degrees of Freedom = 0
Minimum Fit Function Chi-Square = 0.00 (P = 1.00)

Perfect ! The Model is Saturated, the Fit is

Modification Indices and Expected Change

No Non-Zero Modification Indices for LAMBDA-X

No Non-Zero Modification Indices for PHI

No Non-Zero Modification Indices for THETA-EPS

Factor Scores Regressions

KSI

WOMO	WOMO1	WOMO2	WOMO3
	0.19	0.58	0.27

Standardized Solution

LAMBDA-X

	WOMO
WOMO1	0.79
WOMO2	0.93
WOMO3	0.85

PHI

WOMO
1.00



Measurement Model

External Locus of Control

1. First Confirmatory Factor Analysis (CFA)

Syntax

```
CONGENERIC MODEL
DA NI=6 NO=120 MA=PM
PM=D:\\Campus\\UII\\Thesis\\TWO\\ELC\\ELC.PMM
AC=D:\\Campus\\UII\\Thesis\\TWO\\ELC\\ELC.ACM
LA
ELC1 ELC2 ELC3 ELC4 ELC5 ELC6
SE
1 2 3 4 5 6 \\
MO NX=6 NK=1 LX=FU,FR PH=SY,FR TD=DI
LK
ELC
PD
OU MI FS SS AD=OFF
```

Output

```
Number of Input Variables 6
Number of Y - Variables 0
Number of X - Variables 6
Number of ETA - Variables 0
Number of KSI - Variables 1
Number of Observations 120
```

Correlation Matrix to be Analyzed

	ELC1	ELC2	ELC3	ELC4	ELC5	ELC6
ELC1	1.00					
ELC2	0.59	1.00				
ELC3	0.24	0.36	1.00			
ELC4	0.20	0.23	0.45	1.00		
ELC5	0.41	0.45	0.45	0.71	1.00	

ELC6	0.18	0.22	0.21	0.17	0.22
-------------	------	------	------	------	------

Parameter Specifications

LAMBDA-X

	ELC					
ELC1	1					
ELC2	2					
ELC3	3					
ELC4	4					
ELC5	5					
ELC6	6					
THETA-DELTA						
	ELC1	ELC2	ELC3	ELC4	ELC5	ELC6
	7	8	9	10	11	12

LISREL Estimates (Weighted Least Squares)

LAMBDA-X

	ELC
ELC1	0.69 (0.06)
ELC2	12.23 0.73 (0.05)
ELC3	15.79 0.63 (0.06)
ELC4	11.34 0.83 (0.04)
ELC5	18.69 0.94 (0.03)

ELC6 32.69
 0.31
 (0.08)
 4.01

PHI -

ELC
 1.00

THETA-DELTA

ELC1	ELC2	ELC3	ELC4	ELC5	ELC6
0.53	0.46	0.61	0.31	0.11	0.90
(0.12)	(0.11)	(0.12)	(0.12)	(0.11)	(0.10)
4.42	4.03	5.27	2.63	1.08	8.66

Squared Multiple Correlations for X - Variables

ELC1	ELC2	ELC3	ELC4	ELC5	ELC6
0.47	0.54	0.39	0.69	0.89	0.10

Goodness of Fit Statistics

Degrees of Freedom = 9
 Minimum Fit Function Chi-Square = 44.42 (P = 0.00)
 Estimated Non-centrality Parameter (NCP) = 35.42
 90 Percent Confidence Interval for NCP = (18.28 ; 60.09)

Minimum Fit Function Value = 0.37
 Population Discrepancy Function Value (F0) = 0.30
 90 Percent Confidence Interval for F0 = (0.15 ; 0.50)
 Root Mean Square Error of Approximation (RMSEA) = 0.18
 90 Percent Confidence Interval for RMSEA = (0.13 ; 0.24)
 P-Value for Test of Close Fit (RMSEA < 0.05) = 0.00

Expected Cross-Validation Index (ECVI) = 0.57

90 Percent Confidence Interval for ECVI = (0.43 ; 0.78)
 ECVI for Saturated Model = 0.35
 ECVI for Independence Model = 5.73

Chi-Square for Independence Model with 15 Degrees of
 Freedom = 669.99
 Independence AIC = 681.99
 Model AIC = 68.42
 Saturated AIC = 42.00
 Independence CAIC = 704.72
 Model CAIC = 113.87
 Saturated CAIC = 121.54

Root Mean Square Residual (RMR) = 0.15
 Standardized RMR = 0.15
 Goodness of Fit Index (GFI) = 0.97
 Adjusted Goodness of Fit Index (AGFI) = 0.92
 Parsimony Goodness of Fit Index (PGFI) = 0.41

Normed Fit Index (NFI) = 0.93
 Non-Normed Fit Index (NNFI) = 0.91
 Parsimony Normed Fit Index (PNFI) = 0.56
 Comparative Fit Index (CFI) = 0.95
 Incremental Fit Index (IFI) = 0.95
 Relative Fit Index (RFI) = 0.89

Critical N (CN) = 59.04

Modification Indices and Expected Change

No Non-Zero Modification Indices for LAMBDA-X

No Non-Zero Modification Indices for PHI

Modification Indices for THETA-DELTA

	ELC1	ELC2	ELC3	ELC4	ELC5	E
ELC1	--					
ELC2	19.47	--				
ELC3	0.04	4.15	--			
ELC4	2.47	5.91	0.57	--		
ELC5	0.94	0.57	2.11	29.04	--	
ELC6	0.05	0.11	0.39	0.85	0.01	

Expected Change for THETA-DELTA

	ELC1	ELC2	ELC3	ELC4	ELC5
ELC1	--				
ELC2	0.29	--			
ELC3	-0.01	0.13	--		
ELC4	-0.08	-0.10	0.04	--	
ELC5	-0.05	-0.03	-0.07	0.53	--
ELC6	-0.01	-0.02	-0.05	0.06	0.00

Maximum Modification Index is 29.04 for Element (5, 4) of THETA-DELTA

Factor Scores Regressions

	ELC1	ELC2	ELC3	ELC4	ELC5
KSI					
ELC	0.09	0.12	0.08	0.20	0.60

Standardized Solution

LAMBDA-X

	ELC
ELC1	0.69
ELC2	0.73
ELC3	0.63
ELC4	0.83
ELC5	0.94
ELC6	0.31

PHI

ELC
1.00

Parameter Specifications

LAMBDA-X

	ELC
ELC1	1
ELC2	2
ELC3	3
ELC4	4
ELC5	5

THETA-DELTA

ELC1	ELC2	ELC3	ELC4	ELC5
6	7	8	9	10

LISREL Estimates (Weighted Least Squares)

LAMBDA-X

	ELC
ELC1	0.68 (0.06)
ELC2	12.17 0.74 (0.05)
ELC3	14.79 0.64 (0.06)
ELC4	10.98 0.81 (0.05)
ELC5	15.97 0.93 (0.03)
	27.97

Chi-Square for Independence Model with 10 Degrees of Freedom = 632.23
 Independence AIC = 642.23
 Model AIC = 63.20
 Saturated AIC = 30.00
 Independence CAIC = 661.17
 Model CAIC = 101.08
 Saturated CAIC = 86.81

Root Mean Square Residual (RMR) = 0.18
 Standardized RMR = 0.18
 Goodness of Fit Index (GFI) = 0.96
 Adjusted Goodness of Fit Index (AGFI) = 0.88
 Parsimony Goodness of Fit Index (PGFI) = 0.32

Normed Fit Index (NFI) = 0.93
 Non-Normed Fit Index (NNFI) = 0.88
 Parsimony Normed Fit Index (PNFI) = 0.47
 Comparative Fit Index (CFI) = 0.94
 Incremental Fit Index (IFI) = 0.94
 Relative Fit Index (RFI) = 0.86

Critical N (CN) = 42.56

Modification Indices and Expected Change

No Non-Zero Modification Indices for LAMBDA-X

No Non-Zero Modification Indices for PHI

Modification Indices for THETA-DELTA

	ELC1	ELC2	ELC3	ELC4	ELC5
ELC1	- -				
ELC2	21.64	- -			
ELC3	0.43	4.08	- -		
ELC4	2.11	5.79	1.36	- -	
ELC5	0.82	0.48	2.56	28.29	- -

Expected Change for THETA-DELTA

	ELC1	ELC2	ELC3	ELC4	ELC5
ELC1	--				
ELC2	0.36	--			
ELC3	-0.04	0.14	--		
ELC4	-0.07	-0.10	0.07	--	
ELC5	-0.05	-0.03	-0.08	0.53	--

Maximum Modification Index is 28.29 for Element (5, 4) of THETA-DELTA

Factor Scores Regressions

KSI

ELC	ELC1	ELC2	ELC3	ELC4	ELC5
	0.10	0.13	0.09	0.19	0.58

Standardized Solution

LAMBDA-X

	ELC
ELC1	0.68
ELC2	0.74
ELC3	0.64
ELC4	0.81
ELC5	0.93

PHI

ELC
1.00

3. Third Confirmatory Factor Analysis (CFA)

Syntax

```
CONGENERIC MODEL
DA NI=6 NO=120 MA=PM
PM=D:\\Campus\\UII\\Thesis\\TWO\\ELC\\ELC.PMM
AC=D:\\Campus\\UII\\Thesis\\TWO\\ELC\\ELC.ACM
LA
ELC1 ELC2 ELC3 ELC4 ELC5 ELC6
SE
1 2 4 5 /
MO NX=4 NK=1 LX=FU,FR PH=SY,FR TD=DI
LK
ELC
PD
OU MI FS SS AD=OFF
```

Output

```
Number of Input Variables 6
Number of Y - Variables 0
Number of X - Variables 4
Number of ETA - Variables 0
Number of KSI - Variables 1
Number of Observations 120
```

Correlation Matrix to be Analyzed

	ELC1	ELC2	ELC4	ELC5
ELC1	1.00			
ELC2	0.59	1.00		
ELC4	0.20	0.23	1.00	
ELC5	0.41	0.45	0.71	1.00

Parameter Specifications

LAMBDA-X

	ELC
ELC1	1
ELC2	2
ELC4	3
ELC5	4

THETA-DELTA

ELC1	ELC2	ELC4	ELC5
5	6	7	8

LISREL Estimates (Weighted Least Squares)

LAMBDA-X

	ELC
ELC1	0.68 (0.06) 11.40
ELC2	0.70 (0.05) 12.83
ELC4	0.79 (0.06) 14.21
ELC5	0.95 (0.04) 24.97

PHI

ELC

1.00

THETA-DELTA

ELC1	ELC2	ELC4	ELC5
0.53	0.51	0.38	0.10
(0.12)	(0.12)	(0.13)	(0.12)
4.33	4.32	3.03	0.82

Squared Multiple Correlations for X - Variables

ELC1	ELC2	ELC4	ELC5
0.47	0.49	0.62	0.90

Goodness of Fit Statistics

Degrees of Freedom = 2
Minimum Fit Function Chi-Square = 38.61 (P = 0.00)
Estimated Non-centrality Parameter (NCP) = 36.61
90 Percent Confidence Interval for NCP = (20.02 ; 60.63)

Minimum Fit Function Value = 0.32
Population Discrepancy Function Value (F0) = 0.31
90 Percent Confidence Interval for F0 = (0.17 ; 0.51)
Root Mean Square Error of Approximation (RMSEA) = 0.39
90 Percent Confidence Interval for RMSEA = (0.29 ; 0.50)
P-Value for Test of Close Fit (RMSEA < 0.05) = 0.00

Expected Cross-Validation Index (ECVI) = 0.46
90 Percent Confidence Interval for ECVI = (0.32 ; 0.66)
ECVI for Saturated Model = 0.17
ECVI for Independence Model = 4.04

Chi-Square for Independence Model with 6 Degrees of Freedom = 472.92
Independence AIC = 480.92
Model AIC = 54.61
Saturated AIC = 20.00

Independence CAIC = 496.07
 Model CAIC = 84.91
 Saturated CAIC = 57.87

Root Mean Square Residual (RMR) = 0.18
 Standardized RMR = 0.18
 Goodness of Fit Index (GFI) = 0.96
 Adjusted Goodness of Fit Index (AGFI) = 0.79
 Parsimony Goodness of Fit Index (PGFI) = 0.19

Normed Fit Index (NFI) = 0.92
 Non-Normed Fit Index (NNFI) = 0.76
 Parsimony Normed Fit Index (PNFI) = 0.31
 Comparative Fit Index (CFI) = 0.92
 Incremental Fit Index (IFI) = 0.92
 Relative Fit Index (RFI) = 0.76

Critical N (CN) = 29.39

Modification Indices and Expected Change

No Non-Zero Modification Indices for LAMBDA-X

No Non-Zero Modification Indices for PHI

Modification Indices for THETA-DELTA

	ELC1	ELC2	ELC4	ELC5
ELC1	--			
ELC2	38.61	--		
ELC4	2.64	3.22	--	
ELC5	3.22	2.64	38.61	--

Expected Change for THETA-DELTA

	ELC1	ELC2	ELC4	ELC5
ELC1	--			
ELC2	0.54	--		
ELC4	-0.09	-0.10	--	
ELC5	-0.12	-0.11	0.85	--

Maximum Modification Index is 38.61 for Element (4, 3) of THETA-DELTA

Factor Scores Regressions

KSI

ELC	ELC1	ELC2	ELC4	ELC5
	0.09	0.10	0.15	0.71

Standardized Solution

LAMBDA-X

	ELC
ELC1	0.68
ELC2	0.70
ELC4	0.79
ELC5	0.95

PHI

ELC
1.00

4. Fourth Confirmatory Factor Analysis

Syntax

```
CONGENERIC MODEL
DA NI=6 NO=120 MA=PM
PM=D:\\Campus\\UII\\Thesis\\TWO\\ELC\\ELC.PMM
AC=D:\\Campus\\UII\\Thesis\\TWO\\ELC\\ELC.ACM
LA
ELC1 ELC2 ELC3 ELC4 ELC5 ELC6
SE
2 4 5 /
MO NX=3 NK=1 LX=FU,FR PH=SY,FR TD=DI
LK
ELC
PD
OU MI FS SS AD=OFF
```

Output

```
Number of Input Variables 6
Number of Y - Variables 0
Number of X - Variables 3
Number of ETA - Variables 0
Number of KSI - Variables 1
Number of Observations 120
```

Correlation Matrix to be Analyzed

	ELC2	ELC4	ELC5
ELC2	1.00		
ELC4	0.23	1.00	
ELC5	0.45	0.71	1.00

Parameter Specifications

LAMBDA-X

	ELC
ELC2	1
ELC4	2
ELC5	3

THETA-DELTA

ELC2	ELC4	ELC5
4	5	6

LISREL Estimates (Weighted Least Squares)

LAMBDA-X

	ELC
ELC2	0.38 (0.09)
ELC4	4.33 0.60 (0.10)
ELC5	6.04 1.18 (0.15) 7.61

PHI

ELC
1.00

THETA-DELTA

ELC2	ELC4	ELC5
0.86	0.64	-0.39
(0.11)	(0.15)	(0.38)
7.54	4.21	-1.03

Squared Multiple Correlations for X - Variables

ELC2	ELC4	ELC5
0.14	0.36	1.39

Goodness of Fit Statistics

Degrees of Freedom = 0
Minimum Fit Function Chi-Square = 0.00 (P = 1.00)

The Model is Saturated, the Fit is Perfect !

Modification Indices and Expected Change

No Non-Zero Modification Indices for LAMBDA-X

No Non-Zero Modification Indices for PHI

No Non-Zero Modification Indices for THETA-EPS

Factor Scores Regressions

KSI

ELC	ELC2	ELC4	ELC5
	-0.24	-0.51	1.65

Standardized Solution

LAMBDA-X

	ELC
ELC2	0.38
ELC4	0.60
ELC5	1.18

PHI

ELC
1.00



5. Fifth Confirmatory Factor Analysis (CFA)

Syntax

```
CONGENERIC MODEL
DA NI=6 NO=120 MA=PM
PM=D:\\Campus\\UII\\Thesis\\TWO\\ELC\\ELC.PMM
AC=D:\\Campus\\UII\\Thesis\\TWO\\ELC\\ELC.ACM
LA
ELC1 ELC2 ELC3 ELC4 ELC5 ELC6
SE
4 5 /
MO NX=2 NK=1 LX=FU,FR PH=SY,FR TD=DI
LK
ELC
EQ TD 1 1 TD 2 2
PD
OU MI FS SS AD=OFF
```

Output

```
Number of Input Variables 6
Number of Y - Variables 0
Number of X - Variables 2
Number of ETA - Variables 0
Number of KSI - Variables 1
Number of Observations 120
```

Correlation Matrix to be Analyzed

	ELC4	ELC5
ELC4	1.00	
ELC5	0.71	1.00

Parameter Specifications

LAMBDA-X

	ELC
ELC4	1
ELC5	2

THETA-DELTA

ELC4	ELC5
3	3

LISREL Estimates (Weighted Least Squares)

LAMBDA-X

	ELC
ELC4	0.84 (0.05) 17.24
ELC5	0.84 (0.05) 17.24

PHI

ELC
1.00

THETA-DELTA

ELC4	ELC5
0.29	0.29

(0.08)	(0.08)
3.53	3.53

Squared Multiple Correlations for X - Variables

ELC4	ELC5
0.71	0.71

Goodness of Fit Statistics

Degrees of Freedom = 0

Minimum Fit Function Chi-Square = 0.00 (P = 1.00)

Perfect !

The Model is Saturated, the Fit is

Modification Indices and Expected Change

No Non-Zero Modification Indices for LAMBDA-X

No Non-Zero Modification Indices for PHI

No Non-Zero Modification Indices for THETA-EPS

Factor Scores Regressions

KSI

ELC	ELC4	ELC5
	0.49	0.49

Measurement Model

Internal Locus of Control

Syntax

```
CONGENERIC MODEL
DA NI=3 NO=115 MA=PM
PM=D:\\Campus\\UII\\Thesis\\TWO\\ILC\\ILC.PMM
AC=D:\\Campus\\UII\\Thesis\\TWO\\ILC\\ILC.ACM
LA
ILC1 ILC2 ILC3
SE
1 2 3 \\
MO NX=3 NK=1 LX=FU,FR PH=SY,FR TD=DI
LK
ILC
PD
OU MI FS SS AD=OFF
```

Output

```
Number of Input Variables 3
Number of Y - Variables 0
Number of X - Variables 3
Number of ETA - Variables 0
Number of KSI - Variables 1
Number of Observations 115
```

Correlation Matrix to be Analyzed

	ILC1	ILC2	ILC3
ILC1	1.00		
ILC2	0.65	1.00	
ILC3	0.62	0.56	1.00

Parameter Specifications

LAMBDA-X

	ILC
ILC1	1
ILC2	2
ILC3	3

THETA-DELTA

ILC1	ILC2	ILC3
4	5	6

LISREL Estimates (Weighted Least Squares)

LAMBDA-X

	ILC
ILC1	0.85 (0.06) 14.75
ILC2	0.77 (0.06) 12.80
ILC3	0.73 (0.07) 10.81

PHI

ILC
1.00

THETA-DELTA

ILC1	ILC2	ILC3
0.28	0.41	0.47
(0.14)	(0.13)	(0.14)
2.07	3.11	3.46

Squared Multiple Correlations for X - Variables

ILC1	ILC2	ILC3
0.72	0.59	0.53

Goodness of Fit Statistics

Degrees of Freedom = 0
Minimum Fit Function Chi-Square = 0.00 (P = 1.00)

Perfect ! The Model is Saturated, the Fit is

Modification Indices and Expected Change

No Non-Zero Modification Indices for LAMBDA-X

No Non-Zero Modification Indices for PHI

No Non-Zero Modification Indices for THETA-EPS

Factor Scores Regressions

KSI

ILC	ILC1	ILC2	ILC3
	0.49	0.31	0.25

Standardized Solution

LAMBDA-X

	ILC
ILC1	0.85
ILC2	0.77
ILC3	0.73

PHI

ILC
1.00



Measurement Model
Customer Satisfaction

1. First Confirmatory Factor Analysis (CFA)

Syntax

```
CONGENERIC MODEL
DA NI=3 NO=115 MA=PM
PM=D:\\Campus\\UII\\Thesis\\TWO\\CS\\CS.PMM
AC=D:\\Campus\\UII\\Thesis\\TWO\\CS\\CS.ACM
LA
CS1 CS2 CS3
SE
1 2 3 \\
MO NX=3 NK=1 LX=FU,FR PH=SY,FR TD=DI
LK
CS
PD
OU MI FS SS AD=OFF
```

Output

```
Number of Input Variables 3
Number of Y - Variables 0
Number of X - Variables 3
Number of ETA - Variables 0
Number of KSI - Variables 1
Number of Observations 115
```


THETA-DELTA

CS1	CS2	CS3
0.35	0.26	0.69
(0.17)	(0.17)	(0.14)
2.07	1.60	5.09

Squared Multiple Correlations for X - Variables

CS1	CS2	CS3
0.65	0.74	0.31

Goodness of Fit Statistics

Degrees of Freedom = 0
Minimum Fit Function Chi-Square = 0.00 (P = 1.00)

Perfect ! The Model is Saturated, the Fit is

Modification Indices and Expected Change

No Non-Zero Modification Indices for LAMBDA-X

No Non-Zero Modification Indices for PHI

No Non-Zero Modification Indices for THETA-EPS

Factor Scores Regressions

KSI -

CS	CS1	CS2	CS3
	0.38	0.53	0.13

Standardized Solution

LAMBDA-X

	CS
CS1	0.81
CS2	0.86
CS3	0.56

PHI

CS
1.00

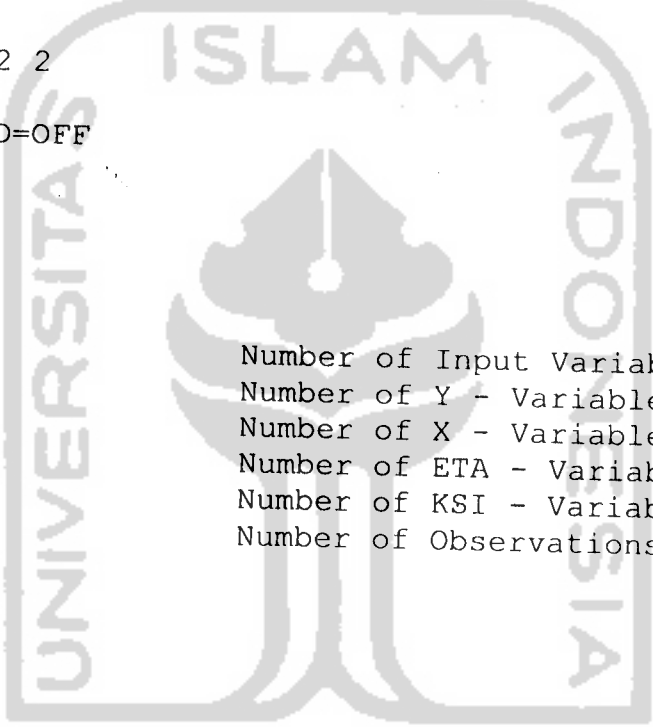


2. Second Confirmatory Factor Analysis (CFA)

Syntax

```
CONGENERIC MODEL
DA NI=3 NO=115 MA=PM
PM=D:\\Campus\\UII\\Thesis\\TWO\\CS\\CS.PMM
AC=D:\\Campus\\UII\\Thesis\\TWO\\CS\\CS.ACM
LA
CS1 CS2 CS3
SE
1 2 /
MO NX=2 NK=1 LX=FU,FR PH=SY,FR TD=SY
LK
CS
EQ TD 1 1 TD 2 2
PD
OU MI FS SS AD=OFF
```

Output



```
Number of Input Variables 3
Number of Y - Variables 0
Number of X - Variables 2
Number of ETA - Variables 0
Number of KSI - Variables 1
Number of Observations 115
```

Correlation Matrix to be Analyzed

	CS1	CS2
CS1	1.00	
CS2	0.69	1.00

Parameter Specifications

LAMBDA-X

	CS
CS1	1
CS2	2

THETA-DELTA

CS1	CS2
3	3

LISREL Estimates (Weighted Least Squares)

LAMBDA-X

	CS
CS1	0.83 (0.05) 16.44
CS2	0.83 (0.05) 16.44

PHI

CS
1.00

THETA-DELTA

CS1	CS2
0.31 (0.08) 3.65	0.31 (0.08) 3.65

Squared Multiple Correlations for X - Variables

CS1	CS2
0.69	0.69

Goodness of Fit Statistics

Degrees of Freedom = 0

Minimum Fit Function Chi-Square = 0.00 (P = 1.00)

The Model is Saturated, the Fit is Perfect !

Modification Indices and Expected Change

No Non-Zero Modification Indices for LAMBDA-X

No Non-Zero Modification Indices for PHI

No Non-Zero Modification Indices for THETA-EPS

Factor Scores Regressions

KSI

CS

CS1

0.49

CS2

0.49

Standardized Solution

LAMBDA-X

CS1

CS
0.83

CS2

0.83

PHI

CS
1.00

FULL STRUCTURAL MODEL

SYNTAX

```
ONE FACTOR CONGENERY
DA NI=5 NO=115 MA=PM
LA
WOMI
WOMO
ELC
ILC
CS
PM =D:\\Campus\\UII\\Thesis\\TWO\\ALL\\ALL1.PMM
AC =D:\\Campus\\UII\\Thesis\\TWO\\ALL\\ALL1.ACM
SE
1 2 3 4 5/
MO NK=1 NX=1 NY=4 NE=4 GA=FU,FI BE=FU,FI LY=FU,FI TE=SY,FI PS=DI
LX=FU,FI TD=SY,FI
LE
WOMI WOMO ELC ILC
LK
CS
FR BE 1 3 BE 1 4 BE 2 3 BE 2 4
FR GA 1 1 GA 2 1 GA 3 1 GA 4 1
FR
VA 0.825 LY 1 1
VA 0.320 TE 1 1
VA 0.956 LY 2 2
VA 0.087 TE 2 2
VA 0.911 LY 3 3
VA 0.170 TE 3 3
VA 0.915 LY 4 4
VA 0.162 TE 4 4
VA 0.903 LX 1 1
VA 0.184 TD 1 1
PD
OU MI FS SS AD=OFF
```

OUTPUT

```
Number of Input Variables 5
Number of Y - Variables 4
Number of X - Variables 1
Number of ETA - Variables 4
Number of KSI - Variables 1
Number of Observations 115
```

Correlation Matrix to be Analyzed

	WOMI	WOMO	ELC	ILC	CS
WOMI	1.00				
WOMO	-0.04	1.00			
ELC	0.17	0.00	1.00		
ILC	0.03	0.02	-0.02	1.00	
CS	0.36	0.20	0.12	0.08	1.00

Parameter Specifications

BETA

	WOMI	WOMO	ELC	ILC
WOMI	0	0	1	2
WOMO	0	0	3	4
ELC	0	0	0	0
ILC	0	0	0	0

GAMMA

	CS
WOMI	5
WOMO	6
ELC	7
ILC	8

PHI

	CS
	9

PSI

Note: This matrix is diagonal.

WOMI	WOMO	ELC	ILC
10	11	12	13

LISREL Estimates (Weighted Least Squares)

LAMBDA-Y

	WOMI	WOMO	ELC	ILC
WOMI	0.83	- -	- -	- -
WOMO	-	-	0.96	-
ELC	-	-	-	-
ILC	-	-	-	-
	CS			
CS	0.90			

BETA

	WOMI	WOMO	ELC	ILC	
WOMI	- -	- -	0.13	0.00	
			(0.11)	(0.10)	
			1.20	-0.04	
WOMO	-	-	-	-	
	(0.11)	(0.09)			
	0.27	0.04			
ELC	-	-	-	-	
ILC	-	-	-	-	
	CS				
WOMI	0.49				
	(0.12)				
	4.00				
WOMO	0.19				
	(0.11)				
	1.70				
ELC	0.17				
	(0.12)				
	1.40				
ILC	0.12				
	(0.12)				
	1.07				
	WOMI	WOMO	ELC	ILC	CS
WOMI	1.00				
WOMO	0.10	1.00			
ELC	0.21	0.06	1.00		
ILC	0.06	0.03	0.02	1.00	

Squared Multiple Correlations for X - Variables

CS
0.82

Goodness of Fit Statistics

Degrees of Freedom = 2
Minimum Fit Function Chi-Square = 1.96 (P = 0.37)
Estimated Non-centrality Parameter (NCP) = 0.0
90 Percent Confidence Interval for NCP = (0.0 ; 7.75)

Minimum Fit Function Value = 0.017
Population Discrepancy Function Value (FO) = 0.0
90 Percent Confidence Interval for FO = (0.0 ; 0.068)
Root Mean Square Error of Approximation (RMSEA) = 0.0
90 Percent Confidence Interval for RMSEA = (0.0 ; 0.18)
P-Value for Test of Close Fit (RMSEA < 0.05) = 0.47

Expected Cross-Validation Index (ECVI) = 0.25
90 Percent Confidence Interval for ECVI = (0.25 ; 0.31)
ECVI for Saturated Model = 0.26
ECVI for Independence Model = 0.35

Chi-Square for Independence Model with 10 Degrees of Freedom = 29.68
Independence AIC = 39.68
Model AIC = 27.96
Saturated AIC = 30.00
Independence CAIC = 58.41
Model CAIC = 76.65
Saturated CAIC = 86.17

Root Mean Square Residual (RMR) = 0.039
Standardized RMR = 0.039
Goodness of Fit Index (GFI) = 1.00
Adjusted Goodness of Fit Index (AGFI) = 0.98
Parsimony Goodness of Fit Index (PGFI) = 0.13

Normed Fit Index (NFI) = 0.93
Non-Normed Fit Index (NNFI) = 1.01
Parsimony Normed Fit Index (PNFI) = 0.19
Comparative Fit Index (CFI) = 1.00
Incremental Fit Index (IFI) = 1.00
Relative Fit Index (RFI) = 0.67

Critical N (CN) = 535.50

Expected Change for BETA

	WOMI	WOMO	ELC	ILC
WOMI	- -	-0.17	- -	- -
WOMO	-0.23	- -	- -	- -
ELC	8.89	-11.63	- -	-0.04
ILC	-0.28	-1.30	-0.04	- -

Standardized Expected Change for BETA

	WOMI	WOMO	ELC	ILC
WOMI	- -	-0.17	- -	- -
WOMO	-0.23	- -	- -	- -
ELC	8.89	-11.63	- -	-0.04
ILC	-0.28	-1.30	-0.04	- -

No Non-Zero Modification Indices for GAMMA

No Non-Zero Modification Indices for PHI

Modification Indices for PSI

	WOMI	WOMO	ELC	ILC
WOMI	- -			
WOMO	1.89	- -		
ELC	- -	- -	- -	
ILC	- -	- -	0.09	- -

Expected Change for PSI

	WOMI	WOMO	ELC	ILC
WOMI	- -			
WOMO	-0.16	- -		
ELC	- -	- -	- -	
ILC	- -	- -	-0.04	- -

Standardized Expected Change for PSI

	WOMI	WOMO	ELC	ILC
WOMI	- -			
WOMO	-0.16	- -		
ELC	- -	- -	- -	
ILC	- -	- -	-0.04	- -

Modification Indices for THETA-EPS

	WOMI	WOMO	ELC	ILC
WOMI	- -			
WOMO	1.89	- -		
ELC	1.89	1.89	1.89	
ILC	1.89	1.89	0.09	- -

Expected Change for THETA-EPS

	WOMI	WOMO	ELC	ILC
WOMI	- -			
WOMO	-0.13	- -		
ELC	4.33	1.09	-37.05	
ILC	39.47	-34.99	-0.03	- -

Modification Indices for THETA-DELTA-EPS

	WOMI	WOMO	ELC	ILC
CS	1.89	1.89	0.01	0.08

Expected Change for THETA-DELTA-EPS

	WOMI	WOMO	ELC	ILC
CS	0.65	0.29	-0.09	0.17

Modification Indices for THETA-DELTA

CS
1.96

Expected Change for THETA-DELTA

CS
-1.44

Maximum Modification Index is 1.96 for Element (3, 1) of LAMBDA-Y

Factor Scores Regressions

ETA

	WOMI	WOMO	ELC	ILC	CS
WOMI	0.75	0.01	0.05	0.00	0.17
WOMO	0.00	0.95	0.00	0.00	0.01
ELC	0.02	0.01	0.90	0.00	0.02
ILC	0.00	0.00	0.00	0.91	0.02

KSI

	WOMI	WOMO	ELC	ILC	CS
CS	0.09	0.03	0.02	0.02	0.86

Standardized Solution

LAMBDA-Y

	WOMI	WOMO	ELC	ILC
WOMI	0.82	--	--	--
WOMO	--	0.96	--	--
ELC	--	--	0.91	--
ILC	--	--	--	0.92

LAMBDA-X

	CS
CS	0.91

BETA

	WOMI	WOMO	ELC	ILC
WOMI	--	--	0.13	0.00
WOMO	--	--	0.03	0.00
ELC	--	--	--	--
ILC	--	--	--	--

GAMMA

	CS
WOMI	0.49
WOMO	0.19
ELC	0.17
ILC	0.13

Correlation Matrix of ETA and KSI

	WOMI	WOMO	ELC	ILC	CS
WOMI	1.00				
WOMO	0.10	1.00			
ELC	0.21	0.06	1.00		
ILC	0.06	0.03	0.02	1.00	
CS	0.51	0.19	0.17	0.13	1.00

PSI

Note: This matrix is diagonal.

WOMI	WOMO	ELC	ILC
0.72	0.96	0.97	0.98

Regression Matrix ETA on KSI (Standardized)

	CS
WOMI	0.51
WOMO	0.19
ELC	0.17
ILC	0.13

GAMMA

	CS
WOMI	0.49
WOMO	0.19
ELC	0.17
ILC	0.13

