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CHAPTER V: CONCLUSION AND RECOMMENDATION

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is a theoretically based concept that acts as a “building block” used to define relationships. Second basic element is the arrow, used to represent specific relationship between constructs. For this research, path diagram based on its theory appear as follow:



3. Converting the Path Diagram into a Set of Structural and Measurement Models.

Hair et al (1998) mentioned that after developing the theoretical model and portraying it in a path diagram, the researcher is ready to specify the model in more formal terms. This is done through a series of equations that define:

- a. The structural equations linking constructs.
- b. The measurement model specifying which variables measure which constructs.
- c. A set of matrices indicating any hypothesized correlations among constructs or variables.

4. Choosing the Input Matrix Type and Estimating the Proposed Model

Since this research uses the ordinal variable, the matrix that is going to be used is polychoric or polyserial correlation matrix. Joreskog and Sorbom (1993a, 1993b) have argued that when the observed variables in SEM analyses are either all of ordinal scale, or a combination of ordinal and interval scales, the categorical nature of these variables should be taken into account. Analyses should be based on either polychoric or polyserial correlation using weighted least squares (WLS) estimation. The use of WLS as an estimation method will require an asymptotic covariance matrix (Byrne, 1998). Further explained that Polychoric correlation represents relations between two ordinal variables; in the special case where both variables are

asserts that an observed variable is reliable when its R² exceeds 0.50, which is roughly equivalent to a standardized loading of 0.70. Considering that the use of one congeneric measurement models requires a reliable observed variable in representing the underlying construct, the researcher removed any observed variables that their R² are lower than 0.50 or their standardized loading are lower than 0.70.

After removing the variables which are not fit to the requirement, researcher must evaluate the measurement model in assessing its goodness of fit. For this purpose, LISREL 8.30 provides a number of goodness of fit indices. However, as suggested by Byrne (1998), the current study uses the following major indices to evaluate the goodness of fit of the model. These include the χ^2 test, Normed χ^2 test, root mean square error of approximation (RMSEA), goodness of fit (GFI), adjusted goodness of fit (AGFI), and comparative fit index (CFI), all of which are described briefly in the previous chapter.

The model that already identified by this confirmatory factor analyses, sometimes need to be re-specified. A model is correctly specified when it reproduces the sample covariance matrix well. This model can be described as the “true” model (Schumacher and Lomax, 1996). The hypothesized construct model is mis-specified when it is consistent with the true model and reproduces the sample covariance matrix poorly (Holmes-Smith, 2001). To overcome this problem, there is the aid in assessing the potential source of model mis-specification is the modification indices. Indeed, the modification indices are intuitively appealing and have been described as

a standardized loading of .70. Because of that, the variable WOMO4 must be removed. The result before variable WOMO4 remove is:

Table 4. 7a. 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 Out-Group (WOMO)				
WOMO1	.81	.06	13.49	.66
WOMO2	.91	.04	24.69	.84
WOMO3	.88	.05	18.42	.77
WOMO4	.70	.07	9.88	.49

After removing WOMO4, the result is:

Table 4. 7b. 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 Out-Group (WOMO)				
WOMO1	.79	.07	11.55	.63
WOMO2	.93	.04	22.78	.86
WOMO3	.85	.06	15.30	.72

Table 4. 8a. 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	.69	.06	12.23	.47
ELC2	.73	.05	15.79	.54
ELC3	.63	.06	11.34	.39
ELC4	.83	.04	18.69	.69
ELC5	.94	.03	32.69	.89
ELC6	.31	.08	4.01	.10

By this result, researcher removed variable ELC6 first because it has the lowest R² and standardized loading and the result is:

Table 4. 8b. 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	12.17	.47
ELC2	.74	.05	14.79	.55
ELC3	.64	.06	10.98	.41
ELC4	.81	.05	15.97	.66
ELC5	.93	.03	27.97	.87

Two tables above demonstrate the modification indices for Beta. The highest value is only demonstrated by the path WOMO to WOMI which is 1.89, while the rest have the same value which is 0.09. All the value is below the standard that will lead to the re-specification of the model. The modification indices for Gamma are not suggested. It concludes that in this phase of re-specification, there is no need to re-specify the model through the Modification Indices.

The other aid in assessing the re-specification is through the critical ratio (t-value). As mentioned before, the non-significant parameter which is under ± 1.96 will be deleted from model. The researcher will delete the low significant path start with the lowest one. The path ILC to WOMI has the lowest significant value, that is -0.04. After deleted the path, here are the Goodness of Fit Statistics, paths't values and Squared Multiple Correlations (R^2) of first model and after first re-specification that demonstrated in the table follow:

communication takes the significant phase. It begins with the information search, means that people ask or look for other people or media about the product they want to get, the communication is needed here. The process of communication finally ends in the post-purchase behavior, whether people are satisfied and will lead to communicate their experience or not. Therefore, this significant phase seems less important when it comes to convenience goods. People do not try hard or strive to get information or attempt to share their experience before and after they consume the convenience good. From this research, we can recognize apparently that communication only happened to the close friend or family of people who will and have experience to the convenience good. It turned out to do not relate to the concept of locus of control or individual personality.

This also applied to those who have classified as people with internal locus of control. These people believe that anything happened in their life is because their own effort, means that they control themselves and environment. In spite of that, these confidences do not lead them to communicate their experience toward convenience goods to the people outside their close friend or family. This internal locus of control does not play the role in communication to other people. It has been natural for people, if they are satisfied in consuming products, they automatically will communicate to other people, but it's not because they have internal or external locus of control. This communication to other people because of satisfaction is restricted to their close friend and family only.

The thing is not in the locus of control or the satisfaction, but in the nature of convenience products themselves. According to marketing considerations developed by

in practice. However, even though people still use the convenience good because the daily used product, the enforcement of communication in order to raise the awareness and profit in other side is definitely necessary.

5. 2. Recommendation

For recommendation as the result of this research finding, researcher recommend to both marketing practitioner and academicians for better future research and activities in marketing development. The recommendations are:

1. Hair et al (1998) mentioned that even though there is no single criterion that dictates the necessary sample size, there are at least four factors that impact the sample size requirement, which are model misspecification, model size, and departures from normality and estimation procedures. Hair then suggested that the better sample size is 200 because it is the critical sample size. Since this research uses the asymptotical covariance matrix and polychoric correlation matrix which are required for large samples, the future larger sample in the same method of study is highly recommended for better results.
2. Richard Holton (1958) mentioned 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.

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