

**The 2<sup>nd</sup> International Conference on Business and Banking Innovations (ICOBBI)**  
**“Nurturing Business and Banking Sustainability”**  
Surabaya, 14<sup>th</sup> - 15<sup>th</sup> August 2020

**Proceeding Book of**  
**The 2<sup>nd</sup> International Conference on Business and Banking Innovations**  
**(ICOBBI) 2020**  
**“Nurturing Business and Banking Sustainability”**  
Surabaya, 14 - 15<sup>th</sup> August 2020

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## Editor and Layout :

1. Dr. Ronny, S.Kom., M.Kom., M.H.
2. Dewi Aliffanti, S.E.
3. Tanza Dona Pratiwi, S.E.
4. Munawaroh, S.S., M.Si.
5. Dio Eka Prayitno, S.Sos.

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### FOREWORD

Alhamdulillah, praise be to Allah Subhanahu Wa Ta'ala for granting us the opportunity to organize and publish the proceedings of the 2<sup>nd</sup> International Conference on Business and Banking Innovations (ICOBBI) with the topic “*Nurturing Business and Banking Sustainability*”. This proceeding contains several researches articles from many fields in Marketing, Management Technology, Finance, Banking, Human Resources Management, Information System Management, and Islamic Economics.

The 2<sup>nd</sup> International Conference on Business and Banking Innovations was held on 14<sup>th</sup> – 15<sup>th</sup> August 2020 by virtual (online) meeting and organized by the Master Management Study Program of STIE PERBANAS Surabaya in Collaboration with six Higher Education Institutions in Indonesia and five Universities from Asia countries. Keynote speakers in this conference were: Prof. Angelica M..Baylon, Ph.D (Director of the Maritime Academy of Asia and the Pacific, Philippines), Chonlatis Darawong, Ph.D. (Head of the Master of Business Program Sripatum Chonburi University - SPU Graduate School Bangkok, Thailand), Prof. Madya Dr. Reevany Bustami (Director of Centre for Policy Research and International Studies Universiti Sains Malaysia), Associate Prof. Dr. Ellisha Nasruddin (Graduate School of Business Universiti Sains Malaysia), Associate Prof. Pallavi Pathak Ph.D. (School of Management Sciences, Varanasi, India) and Prof. Dr. Tatik Suryani (Head of the Master of Management Study Program of STIE Perbanas Surabaya, Indonesia).

I would like to give high appreciation to the Rector of STIE Perbanas Surabaya for his support at this event. Acknowledgments and thank you to all the steering and organizing committees of the ICOBBI for the extra ordinary effort during the conference until this proceeding published. Thank you very much to all presenter and delegates from various Universities. Beside it, I would like to express our gratitude to the six universities, namely Universitas 17 Agustus Surabaya, Universitas Surabaya, Universitas Dr. Soetemo Universitas Dian Nuswantoro Semarang, STIE 66 Kendari, Institut Institut Bisnis dan Keuangan Nitro Makassar which has been the co-host of this event.

Hopefully, the proceeding will become a reference for academics and practitioners, especially the business and banking industry to get benefit from the various results of the research field of Business and Banking associated with Information Technology. Proceedings also can be accessed online on the website <https://pascasarjana.perbanas.ac.id>.

Chair of the Master Management Study Program  
STIE Perbanas Surabaya

**Prof. Dr. Tatik Suryani, M.M.**

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# The Effect of Service Quality, Customer Trust, Brand Image and Electronic Word of Mouth On Online Purchasing Decisions on Shopee Customers in Surabaya

Anis Fitriyasari

Sekolah Tinggi Ilmu Ekonomi Perbanas Surabaya, Nginden Semolo 34 – 36 street, 60118, Surabaya, East Java, Indonesia

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## ABSTRACT

In the last few decades, the internet has developed into a broad global market place for trade in goods and services. Doing business online has become easier and faster due to the development of the internet. Online shopping is currently popular, especially because people feel comfortable and easy to shop anytime and anywhere. New technology also changes the way we communicate. In the world of marketing, especially through internet media or commonly referred to as e-commerce, do not neglect the role of online stores as a medium of communication, where marketing through e-commerce is currently very profitable. This study aims to examine the effect of Service Quality, Customer Trust, Brand Image, and Electronic Word of Mouth (E-WOM) on Online Purchasing Decisions of Shopee customers in Surabaya. The sample of this research is customers who reside in Shopee in Surabaya, the characteristics of respondents are people who live in Surabaya and are Shopee customers, where respondents are chosen by purposive sampling. Analysis of the study used Structural Equation Modeling in the Partial Least Square (PLS).

## 1. INTRODUCTION

### 1.1 Background

In the modern era, the development of the internet and increasingly sophisticated technology are used in the process of marketing products or services. Many schools have required their students to know and use the internet. In addition, the needs of social networking and online shop really need the internet in carrying out their daily activities. Many things have developed rapidly with the existence of the internet, one of which is that people do not need to leave the house to do shopping activities, people can shop from home with the internet, people shop visas online. Online shopping has become a habit of society today, online is an alternative way of purchasing goods or services and selling which I have developed very well in terms of service, effectiveness, security and popularity (Laohapensang, 2009).

Changes in technology and information that are so fast and global have changed the activity of marketers or marketing strategies to be bigger or wider. The consideration of many companies using the sophistication of the internet as a means to reach customers globally has a positive impact and several aspects of life including developments in the business world (Laohapensang, 2009).

The rapid development of technology makes business also develop very rapidly, with the information obtained through social networks and the internet, of course, information can be obtained in a fast and easy way so that it has begun to be known as electronic systems or what is commonly known as e-commerce. According to Sutabri (2012) in Sidharta and Suzanto (2015), e-commerce is an activity of distributing, purchasing, selling, marketing goods and services through electronic systems such as the internet.

According to Fauziah (2016), e-commerce is a practice of distributing, buying, selling, marketing goods and services through electronic systems such as the internet. The development of e-commerce in Indonesia has made people prefer to shop online compared to shopping conventionally or going directly to shopping. In addition, shopping on ie-commerce is also usually done by many people because it is considered more effective and efficient.

\* Corresponding author, email author [2019610826@students.perbanas.ac.id](mailto:2019610826@students.perbanas.ac.id)

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Buying and selling made online is done through online buying and selling sites or what is commonly referred to as a marketplace or other social media. The number of internet users in Indonesia has greatly increased from year to year and the impact is also greatly felt by business people in e-commerce which has increased every year. In 2018 transactions from e-commerce had a value of Rp. 144 trillion while last year it only reached Rp. 69.8 trillion (Darandono, 2018).

Shopee was first launched in Singapore in 2015 and has grown rapidly until now, since then shopee reach has spread to Malaysia, Thailand, Taiwan, Indonesia, Vietnam, and the Philippines. In 2019 Shopee has operated in Brazil and has become the first shopee in South America and outside Asia. Shopee is part of an online shopping platform at a retail network operating in Southeast Asia. Based on the E-Commerce Map released by iprice.co.id, shopee has successfully maintained its first position as top e-commerce for ten consecutive quarters as seen from the ranking on PlayStore, in the second quarter of 2019 shopee also led the ranking category AppStore. Based on the average number of site visitors on a monthly basis, shopee was beaten by Tokopedia. Tokopedia monthly reached 140.4 million visitors while shopee as many as 90.7 million visitors.



Figure 1.1

Top E-Commerce based on PlayStore Ranking - Quarter I 2017-Quarter II 2019 Source: iPrice, 2019

The development of internet use is an opportunity for online business people, according to data every year there is a significant increase in internet use, here is the official data from the internet world statistics on the largest number of internet customers and users in Asia which shows that internet users are in 10 Asian countries.

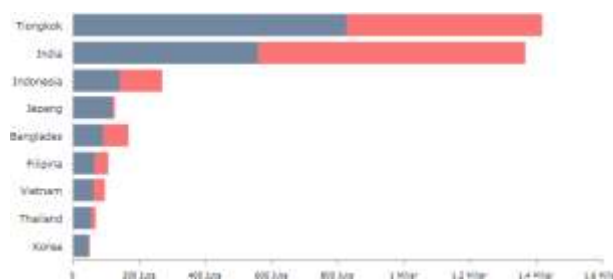


Figure 1.2

Users and Populations of 10 Asian Countries (March 2019) Source: Internetworldstats.com, Jun 2019

From the picture above shows that the most internet usage in Asia is China with internet usage of 1.4 billion internet users, while Indonesia ranks third with more than 200 million internet users, so it can be concluded that the Indonesian people have a desire to shop online.

The use of the internet in the marketing process is commonly known as e-marketing or electronic marketing. Companies get hit hard positive with marketing through the internet where the delivery of information to consumers is done quickly, broadly and certainly does not require expensive costs. This is consistent with what was stated by (Mooij, 2005, p. 158) that there was a slight cultural difference with the presence of the internet. The cultural differences in question are the habits of users before the existence of the internet. This has been proven by research in early 2010 which revealed that the average person spends 31 hours a week using the internet and social media. (Lenhart, et al, 2011).

Judging from these conditions, many business actors have shifted their promotional strategies or



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marketing strategies that previously used conventional marketing strategies to e-marketing, especially through social media. Business actors think that e-marketing through social media can help market their products appropriately. In addition, the e-marketing strategy through social media is considered more economical and relieves company spending in terms of promotions. Based on survey data conducted by APJII (Association of Indonesian Internet Service Providers) and PUSAKAKOM UI released in April 2015, it is stated that internet users in Indonesia have reached 88.1 million and 87% of that number are social media users. The use of social media is not only for entertainment and communication, but 34% of people use social media to find information about services / products to be purchased (APJII, 2015). No wonder nowadays marketing through social media is also booming. According to Thomas (2012), the use of social media is a new breakthrough in the world of marketing because in the modern era it is not possible for people individually to offer products door to door. The trend of using social media for business needs is also adopted by business people in Indonesia, with 64.2% of business people using social media (APJII, 2015).

Related to the problems that occur in the online market with the problems faced by online business people, such as the quality of service in serving customers through social networks or via the internet. various aspects such as product quality, price, and so on. Another problem is the brand image of the various online shops that exist in e-commerce, which many state that there are many good or bad qualities of online shops. Furthermore, from the marketing strategy applied by most online stores, namely electronic word of mouth (e-WOM), how much influence does it have on sales increases, therefore researchers are interested in conducting research related to service quality variables, customer trust, brand image, E-WOM., as well as a purchase decision entitled "The Effect of Service Quality, Customer Trust, Brand Image, Electronic Word of Mouth (e-WOM) on Online Sales to Shopee Customers in Surabaya".

### 1.2. Formulation of the problem

From the background above, this research can formulate the following problems:

1. Does Quality of Service affect Online Purchasing Decisions for Shopee Customers in Surabaya?
2. Does Customer Trust Influence Online Purchase Decisions on Shopee Customers in Surabaya?
3. Does Brand Image Influence Online Purchasing Decisions for Shopee Customers in Surabaya?
4. Does the Electronic Word of Mouth (e-WOM) affect Online Purchase Decisions for Shopee Customers in Surabaya?

### 1.3. Research purposes

Based on the formulation of the problem, this study aims to:

1. Testing and analyzing Service Quality on Online Purchasing Decisions at Shopee Customers in Surabaya.
2. Testing and analyzing Customer Trust in Online Purchasing Decisions at Shopee Customers in Surabaya.
3. Testing and analyzing Brand Image on Online Purchasing Decisions on Shopee Customers in Surabaya.
4. Testing and analyzing Electronic Word of Mouth (E-WOM) on Online Purchasing Decisions for Shopee Customers in Surabaya.

### 1.4. Benefits of Research

There are several benefits in this study which are specifically for readers, other researchers, for writers, for online shops, and for STIE Perbanas Surabaya, including:

1. For Researchers  
The results of this study can be used as input for further research within the same scope, and it is hoped that this research can increase knowledge for the readers.
2. For the author  
This study can add knowledge and insight for the author about the effect of service quality, customer trust, brand image, and e-WOM on online purchasing decisions for shopee customers in Surabaya.
3. For the Company  
This study can provide an overview of the perception to customers that what service quality is expected by customers so that online parties know what sales strategies will be carried out to create purchasing decisions that can increase sales.



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#### 4. For STIE Perbanas Surabaya

The results of this study can add to the thesis collection in the STIE Perbanas Surabaya library, as study materials and a reference for further research that will be taken by students.

### 1.5. Proposal Writing System

To make it easier to know and understand the entire contents of the thesis, the following will be presented a thesis writing systematics consisting of three chapters, as follows:

#### CHAPTER I INTRODUCTION

This chapter contains a discussion about the background of the problem, the formulation of the problem, the research objectives, the benefits of the research, and the writing systematics.

#### CHAPTER II: PUSTAKA REVIEW

In this case, it contains a discussion of previous research, theoretical foundations, frameworks and research hypotheses.

#### CHAPTER III: RESEARCH METHOD

This chapter contains an explanation of the research method to be used which consists of research design, research boundaries, variable identification, operational definition, and variable measurement, sample population and sampling techniques, data and data collection methods as well as data analysis techniques.

## 2. THEORETICAL FRAMEWORK AND HYPOTHESES

### 2.1 Previous Research

In this sub-chapter, it will be explained about previous studies conducted by previous researchers that have been carried out and referenced in previous studies related to research to be carried out by researchers and the authors currently reading research journals, including:

#### 2.1.1 Ardiansyah (2015)

Research conducted by Ardiansyah (2015), entitled "An Analysis of Security And Service Quality Toward Purchase Decision On E-Commerce And Its Implications Of Consumer Loyalty".

The purpose of this study is to examine and analyze whether the security factor directly influences purchasing decisions through e-commerce, the service quality factor directly influences purchasing decisions through e-commerce, the security and service quality factors directly influence purchasing decisions through e-commerce, and security. and service quality factor has a significant effect on e-commerce consumer loyalty.

Using the SEM method and taking 200 samples from e-commerce users in Indonesia. The results of this study are for security in transactions via e-commerce has a direct influence on purchasing decisions by customers in Indonesia.

#### 2.1.2 Sinarwati, Rahmat Madjid, dan Andi Adry Alamsyah (2013)

Research conducted by Sinarwati, Madjid, and Alamsyah (2013), entitled "The Roles of Behavioral Control and Trust toward Samsung Smartphone Purchase Decision".

The purpose of this study was to identify the influence of behavior control and belief on decision making on Samsung Smartphones in Management Department students.

Using the Confirmatory Factor Analysis (CFA) method and multivariate regression and taking 44 samples from faculty students of the department of economic and business management, who are Samsung Smartphone users.

The results of this study indicate that control behavior has a negative and significant effect on purchasing decisions. Then trust has a positive and significant influence on purchasing decisions. Control and trust behavior simultaneously have a significant effect on purchasing decisions. This means that the higher the behavior control and belief in a product simultaneously can make a significant contribution to improving purchasing decisions.

#### 2.1.3 Onigbinde Isaac Oladepo dan Odunlami Samuel Abimbola (2015)

Research conducted by Oladepo, Abimbola (2015), entitled "The Influence of Brand Image And Promotional Mix On Consumer Buying Decision- A Study of Beverage Consumers In Lagos State, Nigeria".

The purpose of this study was to evaluate the effect of brand image and promotional mix on consumer purchasing decisions. The technique used is the Pearson Product Moment correlation analysis technique and uses 400 research instruments given to beverage consumers in Lagos State, Nigeria, of the 400 research

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instruments returned only 384.

The results of this study indicate that brand image, advertising, sales promotion and personal selling have a significant influence on consumer purchasing decisions.

### 2.1.4 Amal M. Almana dan Abdulrahman A. Mirza (2013)

Research conducted by Almana and Mirza (2013), entitled "The Impact of Electronic Word of Mouth on Consumers' Purchasing Decisions".

The aim of this study is to explain the strong growth in social networks expanding the potential impact of marketing electronic word of mouth towards consumer purchasing decisions.

The method used is linear regression and used 150 respondents from Saudi Arabia.

The results of this study indicate that online Saudis are highly influenced by e-WOM and a greater percentage of them depend on online forums such as when making decisions to buy products via the internet.

## 2.2 Theoretical basis

As a basis and supporting tools for the research entitled "The Effect of Service Quality, Customer Trust, Brand Image and Electronic Word of Mouth on Shopee Customer Satisfaction in Surabaya", we will describe several theories related to the topic of discussion in the research.

### 2.2.1 Quality of Service

Quality of service is of course very important for business people or businesses, by providing excellent service quality business products or services that are carried out directly or online will create customer satisfaction and loyalty.

Service quality is the comparison between perceived service or a consumer's perception with the quality of service expected by consumers (Parasuraman, et al in Purnama, 2006; 19). Based on this opinion it is known that service quality is to provide service excellence to achieve customer desires or expectations.

According to Parasuraman (2018), Service Quality is the level of difference between the reality and expectations of customers for the service received. According to Kotler and Armstrong (2012) Service Quality is an activity offered by one party to another party which is basically intangible and does not result in ownership.

According to research conducted by Raja Arcana and Vanda (2012), it is stated that current prices and promotions no longer determine consumer purchasing decisions. Currently consumers provide an assessment of service quality at the time of online purchase of a product or service. According to Raja Arca and Vanda (2012), online service quality can be measured by three indicators, namely reliability, responsiveness and empathy.

### 2.2.2 Customer Trust

According to Rahmad Madjid, Djotal Hadiwidjdo, Urachman, and Djumahir (2013: 62), customer trust is based on the results determined by the level of customer satisfaction on the service performance provided by the product or service provider company. If customers are satisfied, they will have more trust in the provider of the product or service, but otherwise, the customer's trust will decrease.

According to (Rizwa Ali, 2014: 11) The reason someone chooses a product or service to use is trust. Customer Trust is defined as the willingness to take action based on trust and honesty between colleagues or work partners. Trust is an important and basic element in building social structures and factors in market transactions. According to Colquitt et al (2013: 200), customer trust is a willingness to be sensitive to other people who will be given trust based on positive expectations of their actions.

Based on this definition, Customer Trust is rooted in three factors or indicators, namely:

#### a. Disposition-Brand Trust

A general tendency or general expectation to believe that the words, promises, and statements of a group or individual are trustworthy or reliable.

#### b. Cognition-Based Trust

There are three dimensions of cognitive belief, namely Ability which consists of skills, competencies, and areas of expertise. Second, Benevolence, which is defined as the belief to do good regardless of the profit-centered motive. Third, Integrity which is defined as a perception that is inherent in value and principles accepted by the person given the trust.

#### c. Affect-Based Trust

This factor is interpreted as "We Trust Because We Like Them" If someone feels happy with the service or product, then someone will believe. This trust factor uses indicators from Ndubisi (in Hatane Samuel, 2012:

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36), namely:

- The company cares about the security of customer transactions.
- The company promises products and services you can count on.
- The company consistently provides quality services to customers.
- Employees show respect for customers.
- The company fulfills its obligations to customers.

### 2.2.3 Brand Image

Brand Image is a belief or trust held by consumers in a particular product (Kotler, 2001: 225). According to Shimp (2003: 12) Brand Image is the second dimension of knowledge about a brand based on consumers.

According to (Salines and Perez, 2009; Bibby, 2011), Brand Image is defined as a mental image of consumers about an offer and has a symbolic meaning associated with consumers with specific attributes and products or services.

According to Kim, Cho, and Petrick (2018), Brand Image is defined as a brand perception that reflects consumer associations in the minds of consumers. Brand image is suggested as a characteristic of an organization or cultural activity that differentiates it from others.

### 2.2.4 Electronic Word of Mouth (e-WOM)

The number of consumers who publish products or services through the internet media, which is a new form of electronic word of mouth (e-WOM). Research shows that e-WOM has a higher level of credibility, empathy and relevance to consumers than information sources on the website. The researchers acknowledge that by participating with e-WOM, customers will gain social and economic value, therefore they have different levels of motivation in using to produce e-WOM (Zhang et al, 2010: 1336). The more technological development and the more rapid development of the internet in this era, the term e-WOM has emerged.

According to Kietzmann (2013: 3) the Electronic Word of Mouth is defined as the act of marketing to consumers in online form. In the current era, it has been recognized that e-WOM is a form of online referral that influences purchasing decisions.

According to research conducted by Kietzmann and Ana Canhoto in Bittersweet Understanding and Managing Electronic Word of Mouth (2013) creating e-WOM depending on the experience gained they are either positive, neutral or negatively related to a product, service, brand, or company. This explanation can be defined that e-WOM is an emotional reaction or level of self-satisfaction. The internet is very possible to create a form of communication platform that makes it easier for providers and consumers, which makes it easier for them to share information and opinions from business to consumer, from consumer to consumer (Jalilvand, 2011: 43).

In the research of Goyette et al (2010: 10) revealed that analysis of research reports and context helps to show in measuring e-WOM, the point of view of the communicator has been largely considered when the point of view of the recipient has been neglected. There are four main dimensions identified in e-WOM measurement, namely:

#### a. Intensity (Intensity)

Intensity in e-WOM is the number of opinions or opinions written by consumers on a social networking site. The intensity indicator is divided as follows:

- Frequency of accessing information from social networking sites.

How often do prospective consumers roam cellular to get information about online stores and products.

- Frequency of interaction with social networking site users.

How often do prospective consumers conduct mobile learning to get information about online stores and their products at an online community or bloggers and communicate leaving comments containing questions or statements.

- Many reviews are written by users of social networking sites.

The number of reviews you get is proportional to the probability of getting one or more positive or negative comments.

#### b. Valence of opinion

Valence of opinion is a positive or negative opinion or comment from a consumer about a product or service and brand valence of opinion has two positive and negative characteristics, including:

- Positive comments from social network users

Positive comments posted by reviewers or former consumers usually arise because of the satisfaction



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of an online store, its products, services and services.

b. Negative comments from social network users

Negative comments posted by reviewers or former consumers usually arise because of dissatisfaction with an online store, products, services, and services.

c. Content

Content is information and social sites related to products and services. Indicators of content are:

a. Product variation information

Share information obtained about the product to find out the type or model available.

b. Quality information

Not a few consumers or potential buyers number quality, quality of everything, so from information about quality reviews about a product is often sought after by consumers.

c. Information regarding the price offered

Often consumers get information from social media, which is about the best price offers from one online store to another.

### 2.2.5 Buying decision

According to the purpose of purchase, customers are grouped into final consumers (individuals), which consist of individuals and households whose purpose for purchase is to fulfill their own needs or consumption. Meanwhile, other group consumers are organizational consumers consisting of organizations, industry users, traders and non- profit institutions whose purchase objectives are to make a profit or fulfill the needs and welfare of their members. The decision to buy goods or services often involves two or more parties. Generally, there are five roles that appear. The five roles include (Tatik Suryani, 2013: 13):

a. The initiator is the person who first suggests the idea of buying goods or services.

b. Influencers, namely people have a view or advice that can influence purchasing decisions.

c. The decision maker (decider) is the person who determines the purchase.

d. Buyer (buyer) is a person who makes a real purchase.

e. User (user) is a person who consumes and uses the goods or services purchased.

According to Sutisna in Setianingsih (2012: 4), a purchasing decision is a decision-making process by going through several stages starting with awareness of needs and ending with a post-purchase evaluation stage.

### 2.2.6 Effects of Service Quality on Purchasing Decisions

According to Wyckof in Tjiptono (2006: 42) Service quality is the level of excellence expected and control over that level of excellence to meet customer desires. In subsequent developments, namely in 1988, Parasura- man and friends (in Tjiptono, 2001: 67) found that the ten existing dimensions could be summarized into only five main dimensions, namely:

a. Tangibles (physical proof)

The ability of a company to show to external parties. The appearance and ability of the physical facilities and infrastructure of the company as well as the condition of the surrounding environment are clear evidence of the services provided by the service providers.

b. Reliability

The company's ability to provide the appropriate service to be promised accurately and reliably. Performance must be in accordance with customer expectations which means punctuality, equal service to all customers without error, sympathetic attitude, and with high accuracy.

c. Responsiveness (Responsiveness)

A willingness to help and provide fast and precise service to customers by delivering clear information,

d. Assurance (Guarantee and certainty)

Know the politeness and ability of company employees to foster a sense of the customers for the company. Consists of several components including: Communication, credibility, security, competence, and courtesy.

e. Empathy

Giving sincere and individual or personal attention given to customers in the form of understanding consumer desires.

Yee et al (2011: 52) in their research add that there is a positive relationship between service quality and direct purchasing decisions. This means that if the quality of service is considered good by customers, the level of purchasing decisions is high. Nisal Rochana Gunawardane (2015: 100) states that consumers

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consider service quality before they will make a purchase decision as evidenced by his research that there is a positive relationship between service quality and purchase decisions.

Research Ardiansyah (2015) in his research conducted in the field of E-commerce in Indonesia states that service quality has a positive effect on purchasing decisions.

Mohammad Muzahid et al (2009) in their research conducted on customer trust in Bangladesh stated that service quality has a positive effect on purchasing decisions.

### 2.2.7 The Effect of Customer Trust on Purchasing Decisions

Trust has become the main determinant in a relationship, creating a pattern of thinking about trust in the eyes of customers in previous studies is a very important part of purchasing decisions. In the level of trust, the company must focus on the promises that have been offered to consumers or customers to consistently maintain these interests to please customers (Mukhiddin Jumaev et al, 2012: 41).

The elements that reflect consumer decisions in buying are defined as repeat purchase decisions, the re-purchase decision is a stage where consumers are faced with a choice to make a purchase or not (Kotler, 1995).

Jia, Shen "USER Acceptance of Social Sites: A Research Proposal" examines the effect of usefulness, perceived ease of use, tendency to social comparison, and trust in making buying decisions. The results obtained are a positive influence on purchasing decisions. This means that it can be concluded that the trust variable is used as an independent variable.

Andy Putra Mahkota et al (2013) in his research conducted on Ride Inc website users in Malang, East Java, stated that trust has a positive effect on purchasing decisions.

Sinarwati et al (2013) in their research conducted on Samsung smartphone users (Halu Oleo University management students) in Kendari, Southeast Sulawesi, stated that customer trust has a positive effect on purchasing decisions.

### 2.2.8 Influence of Brand Image on Purchasing Decisions

Brand image has a very important role in influencing consumer behavior. Consumers have a positive image brand image will tend to choose the brand to buy (Tatik Suryani, 2013: 86). Silvia and Alwi (2008) found that brand

image not only improves consumer purchasing decisions but also has a positive relationship with customer loyalty. A product with a good brand image that consumers believe can fulfill their needs and desires will automatically foster a purchasing decision for the products being offered to survive in the market. Conversely, if, a product with a brand image that is not good in the consumer's view, then the consumer's purchasing decision for the product will be low.

A product with a good brand image indirectly helps the company's activities in promoting the next marketed product and this will be a strength for the next marketed product and this will be a strength for the company in facing competition.

The relationship between brand image and consumer purchasing decisions according to Engel, Backwell and Miniard (2004: 176) states that brands often appear as a determinant criterion, functioning as a substitute indicator of product quality and their importance does not vary with the ease with which quality can be objectively assessed. If it is difficult to judge the quality, consumers sometimes feel a high level of risk in the purchase, if the brand trust in the brand is well known long-standing reputation for quality can be an effective way of reducing risk.

Research conducted by Oladepo and Odunlami Samuel Abimbola (2015), and Ngakan Putu Surya Adi Dharma and Iputu Gde Sukaatmadja (2015) the results of their research stated that Brand Image has a significant positive effect on purchasing decisions.

### 2.2.9 Effect of Electronic Word of Mouth on Purchasing Decisions

The obstacle that exists in e-WOM is that consumers cannot see directly the goods they are going to buy, therefore there are difficulties in making purchasing decisions. The e-WOM research begins with a busy level of activity and activity, from this phenomenon the Electronic Word of Mouth (e-WOM) was created. Research on e-WOM has been conducted by many researchers, it can be clarified into two types of research, namely the market level and the individual level. There are two main parts needed in explaining e-WOM activities: 1. Market level, identifying product information processes by looking at e-WOM as an accumulation of customer and network opinions at other market levels. 2. The individual level, identifies the customer decision-making process by looking at e-WOM as information with a focus on how information affects the decision-making process (Jalilvand, 2011: 43). Amal M. Almana and Abdulrahman



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A. Mirza (2013) research states that electronic word of mouth has a significant positive effect on purchasing decisions.

Table 2.1  
Past and Present Research Tables

| Title  | Objective  | Location                   | Research Objects  | Methods   | Results   |
|--|--|----------------------------|---|---|---|
| "An analysis of security and service quality toward purchase decision on e-commerce and implications of consumer loyalty"<br>(Ardiansyah, 2015)  | This is to determine whether there is an influence between purchasing decisions through service quality  | Indonesia                  | E-Commerce field  | SEM   | Security in transactions via e-commerce has a direct influence on e-commerce purchasing decisions of Indonesian customers.  |
| "The Roles of Behavioral Control and Trust toward Samsung smartphone purchase Decision"<br>(Sinarwati, rahmat Madjid and Andi Adry Alamsyah, 2013)   | To find out the behavior of control and trust has an effect on purchasing decisions  | Kendari, Sulawesi Tenggara | Samsung smartphone users (Halu Oleo University management student)                        | Confirmatory Factor Analysis (CFA) and multi-variate regression | Trust has a real relationship and contributes to improved purchasing decisions. This means that more confidence is reflected by the belief in product quality that has been able to support the improvement of good product quality which is a reflection of the purchase decision. |
| "The Influence of Brand Image and Promotional Mix on Consumer Buying Decision-A Study of Beverage consumer in Lagos State, Nigeria"<br>(Onigbinde Isaac Oladepo and Samuel Abimbola, 2015) | Evaluating influence Brand image and Promotion mix against consumer purchasing decisions   | Lagos State, Nigeria       | Beverage companies Bournvita, Peak Milk, Milo, Cowbell, Nido, Nescafe, Miksi, Loya, Amila | Pearson Product Moment Correlation                              | Brand image, promotional advertising, sales and personal selling have a significant influence on purchasing decisions   |
| "The Impact of Electronic Word of Mouth on Consumers' Purchasing Decisions"<br>(Amal M. Almana dan Abdulrahman A. Mirza (2013)   | Reports the results of a study on the effect of online reviews on Saudis' online purchasing decisions.   | Saudi Arabia               | Online review in Saudia Arabia  | Linear Regression   | Saudi online consumers are heavily influenced by e-WOM and a larger percentage of them rely on online forums such as when making decisions to buy products over the internet. Their loyalty can affect the effectiveness of the ad.   |
| The Influence of Service Quality, Customer Trust, Brand Image and Electronic Word of Mouth on Online Purchasing at Shopee Customers in Surabaya.<br>(Anis Fitriyasari, 2020)               | To test and analyze the effect of the relationship between service quality, brand trust, brand image, electronic word of mouth on online purchases among shopee customers in Surabaya. | Surabaya, Jawa Timur       | Shopee customers  | PLS   |   |

### 2.3 Framework

In this sub-chapter research, it is a description of a relationship flow between variables that will be carried out by research based on the theoretical basis or in previous research that has been referred to by the researcher.

Service quality can have a positive or negative influence on Online Purchasing Decisions for Shopee Customers in Surabaya. Customer Trust can have a positive or negative influence on Online Purchasing Decisions for Shopee Customers in Surabaya. Brand Image can influence positively or negatively on Online Purchasing Decisions on Shopee Customers in Surabaya. Electronic Word of Mouth can affect positively or negatively on Online Purchasing Decisions for Shopee Customers in Surabaya.

As will be illustrated in the framework in Figure 2.5.

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Figure 1 Research Conceptual Framework

### 2.3.1 HYPOTHESIS:

- H1: Service Quality has a positive effect on Online Purchasing Decisions on Shopee Customers in Surabaya.  
 H2: Customer Trust positively influences Online Purchasing Decisions on Shopee Customers in Surabaya.  
 H3: Brand Image has a positive effect on Online Purchasing Decisions on Shopee Customers in Surabaya.  
 H4: Electronic Word of Mouth has a positive effect on Online Purchasing Decisions on Shopee Customers in Surabaya.

## 3. RESEARCH METHOD

### 3.1. Research design

Based on the type of research based on its level, this research is an Explanative formal study because it explains the causal relationship between five variables, namely brand image, marketing relationship, service quality and lifestyle on loyalty. Based on the type of data and data collection methods, this study uses primary data obtained and the results of distributing questionnaires directly to customers who have predetermined criteria. Based on the time dimension, this study is a cross sectional study because the data can be obtained from one research period (Mudrajad Kuncoro, 2013: 16).

### 3.2. Research Limits

The researcher realizes that this research has limitations in research, while the limitations in this study are:

1. The independent variable / independent variable of the study uses the variables Service Quality, Customer Trust, Brand Image, and Electronic Word of Mouth.
2. The dependent variable / dependent variable of the study is the purchase decision.
3. Respondents are customers of Shopee who live in Surabaya.

### 3.3. Variable Identification

Based on the hypothesis that has been carried out by the researcher, the identification of the variables in this study are as follows:

#### 3.3.1 Exogenous Variables

- a. Quality of Service (TOS)
- b. Customer Trust (KP)
- c. Brand Image (CM)
- d. Electronic Word of Mounth (EWOM)

#### 3.3.2 Endogenous Variabens

- a. Purchase Decision (KPN)

### 3.4. Operational Definition and Variable Measurement

#### 3.4.1 Operational Definition

In order for researchers not to deviate in this sub-writer, the authors also explain the operational definition of each variable used in this study.

Based on each operational definition of each variable:

1. Quality of Service

Service Quality is a comparison of the services expected by customers with the services obtained from the company. Service quality can also be interpreted as an attitude from the results of a comparison of the expectations of the quality of goods or services that exist in the shopee felt by the customer.

Service quality can be measured by indicators: Dai, et al (2011)

- a. The information is easy to access

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- b. Website service providers operate consistently
- c. Service providers reply to services quickly
- d. Overall the website of this service provider is attractive
- e. Have the freedom to enter all menus on the website
- f. Happy with the services offered on the website to support transactions
- g. Overall service functionality is carried out efficiently through the website
- h. Using this website service is fun
2. Customer Trust

Customer Trust is a form of customer confidence or shopee consumers regarding an item or service offered by Shopee in accordance with what is needed and expected by the customer, customer trust is a process of relying on other parties with certain risks.

Trust can be measured through indicators: Chiu, Chang, Cheng, and Fang (2009)

- a. Knowing that online shops are honest
- b. Knowing that online shops care about customers
- c. Knowing that online shops keep promises to customers
- d. Knowing online can be trusted
- e. Knowing that online transactions can be carried out smoothly
3. Brand Image

Brand Image is the opinion or perception of customers or consumers regarding the Shopee brand or platform. Brand image indicators, namely:

- a. Product attribute
- b. Benefits
- c. Brand personality
- d. Brand attitude
4. Electronic Word of Mouth (EWOM)

Electronic Word of Mouth (e-WOM) is a customer assessment of the number of opinions or opinions written by customers or consumers on a social networking site about the store online shopee, whose income affects potential customers.

The e-WOM indicator can be measured by:

- a. Frequency of access and social sites, namely the respondent's assessment of the contribution of time needed when browsing the web and mobile to get information about the online shopee shop.
- b. Frequency of interaction with users of social networking sites, namely respondents' ratings about comments with reviewers to exchange information about online stores.
- c. The number of reviews written by users of social networking sites is the respondent's assessment of the prestige of online stores.
5. Purchasing Decisions

Purchasing decision is an action taken by a customer or consumer to buy a product or service at a shopee and a purchase decision is a decision of someone who chooses one option that is truly believed from several options. Purchasing decisions can be measured by indicators: Sinarwati, Rahmat Madjid and Andi Adry Alamsyah, (2013):

- a. Online appeal
- b. Appropriate online access sources available
- c. Trending brands
- d. Good quality product provided
- e. Products offered according to needs
- f. Purchase more than one type

### 3.4.2 Measurement of Variables

Existing variables will be measured using a Likert scale (use of attitudes). This study will measure the extent to which the influence of service quality, customer trust, brand image, and electronic word of mouth on online purchases for shopee customers in Surabaya. While the selection made by the respondent is allowed only one of the answers, then the results of the selection of the answer are given a score. The measurement of variables in this study used a seven-point Likert scale, which of the statements was given a score of 1 = "strongly disagree" to 7 = "strongly agree". As shown in Table 3.1.

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Surabaya, 14<sup>th</sup> - 15<sup>th</sup> August 2020

Table 3.1 Variable Measurement

| DESCRIPTION OF    | SCORE / POINTS |
|-------------------|----------------|
| Strongly Agree    | 7              |
| Agree             | 6              |
| Somewhat Agree    | 5              |
| Doubt             | 4              |
| Somewhat Disagree | 3              |
| Disagree          | 2              |
| Strongly Disagree | 1              |

Source: (Imran Khan, 2015)

In the next stage, the responses from the respondents will be categorized based on their interval class with the formula below:

$$\text{Highest score} - \text{lowest score} = \frac{7-1}{7} = 0.86 \text{ Number of Class}$$

Table 3.2 Interval Class Formulas

|                      |                   |   |
|----------------------|-------------------|---|
| $1 \leq x \leq 1,86$ | Strongly Disagree | 1 |
| $1,86 < x \leq 2,72$ | Disagree          | 2 |
| $2,72 < x \leq 3,58$ | Somewhat Disagree | 3 |
| $3,58 < x \leq 4,44$ | Doubt             | 4 |
| $4,44 < x \leq 5,3$  | Somewhat Agree    | 5 |
| $5,3 < x \leq 6,1$   | Agree             | 6 |
| $6,1 < x \leq 7$     | Strongly Agree    | 7 |

Source: (Shafira, 2013)

### 3.5. Population, Sample and Sampling Technique

#### 3.5.1 Population

According to Sugiyono (2015: 80) Population is the generalization of an area consisting of subjects or objects in which the area has the characteristics and qualities that have been confirmed by researchers, aiming to study which conclusions can be drawn later. The population in this study is called Shopee customers who live in Surabaya.

#### 3.5.2 Sample

According to (Sugiyono, 2017) the sample is part of the number and characteristics of the population. If the population is large, and it is impossible for researchers to learn everything in the population, for example, because of limited funds, energy and time. Then the researcher can use a sample taken from that population.

This study has a number of samples in accordance with the PLS analysis technique which does not require a large number. According to Roscoe, the appropriate sample size is in the range of 30 to 500 in the journal (Rio Jumardi, 2015). And the number of samples can be calculated at least by counting ten times the largest number of structural paths in the latent construct according to Wang and Liao in the journal (Rio Jumardi, 2015) in this study there are four paths in the latent construct so that the minimum sample size required is  $4 \times 10 = 40$  samples. So the small sample needed is a minimum of 40 samples and a large sample of 100 samples.

#### 3.5.3 Sampling Techniques

This sampling technique uses a sampling technique by means of non-probability sampling, in which the form of sampling is to only provide one chance or not the same for each member of the population or elements that are then sampled (Sugiyono, 2015). The sampling technique used in this study was purposive sampling technique.

In this study, the sample criteria used for respondents must be:

1. All Shopee Customers
2. Residing in Surabaya
3. Age of Respondents 17-50 years

### 3.6. Research Instruments

In this study, the instrument used was a questionnaire distributed in the areas to be tested. According to (Sugiyono, 2015) a questionnaire or questionnaire is a data collection technique where the participant or respondent fills in the question and then returns it to the researcher after filling it completely. The following is the grid listed in Table 3.3



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Table 3.3 Questionnaire Questionnaires

| Variable           | Indicator   | Source  | Code           |
|--------------------|---|---|----------------|
| Quality of Service | Know that online shops are honest<br>Knowing that online shops care about customers<br>Knowing that online shops keep promises to customers<br>Knowing online Can't be trusted<br>Knowing that online transactions can be carried out smoothly  | Dai, <i>et al</i> , (2011)                              | KL1- KL5       |
| Customer Trust     | Knowing that online stores are honest<br>Knowing that online stores care about customers<br>Knowing that online stores keep promises to customers<br>Knowing online can be trusted  | Chiu, Chang, Cheng, dan Fang, (2009)                    | KP1- KP5       |
| Brand Image        | Product attributes<br>Benefits<br>Brand personality<br>Brand attitude   | Dharma dan Sukaatmadja, (2015)                          | CM1- CM4       |
| E-WOM              | 1. Frequency of accessing and social sites, namely the assessment of respondents about the contribution of time needed when browsing the web and mobile to get information about online shopee shops.<br>2. Frequency of interaction with users of social networking sites, namely the assessment of respondents around comments with reviewers to exchange information about online stores.<br>3. The number of reviews written by users of social networking sites is the assessment of respondents to the prestige of online stores. | Goyette <i>et al</i> , (2010:10)                        | EWO M1- EWO M3 |
| Buying Decision    | Online attraction<br>Suitability of available online access sources<br>Trending brands<br>Good quality products provided<br>Products offered according to needs<br>Purchase more than one type  | Sinarwati, rahmat Madjid dan Andi Adry Alamsyah, (2013) | KPN1- KPN6     |

### 3.7. Data and Data Collection Methods

#### 3.7.1 Data

The data used in this study include primary data. Definition of primary data (Sugiyono, 2017) data that is directly taken from direct observation with the aim of a problem can be solved through research with questionnaire data.

Primary data in this study were obtained through statement items from questionnaires which were later distributed to respondents who had been compiled based on research variables related to this study and facilitated the observation process for researchers.

#### 3.7.2 Data Collection Methods

According to (Sugiyono, 2017) this data collection method will describe the method of collection is carried out by distributing questionnaires in the field as a survey, respondents are asked to provide responses to the statements in the questionnaire. The data sample and research data collection for the first questionnaire were distributed directly face to face with the respondent, the two respondents would be explained how to fill out the questionnaire by the researcher, the three respondents responded to or filled in all the statement items on the questionnaire, and finally the respondent submitted the questionnaire that had been filled in. This data collection method is expected to help researchers to obtain accurate and relevant information.

In the questionnaire there will be two types of data in this study:

##### 1. Characteristics of respondents

The contents of this questionnaire describe the characteristics of the respondents, such as age, frequency, transactions, and domicile.

##### 2. Statement items related to research variables

This type of questionnaire aims to find out the results of descriptive description through respondents' responses to variable statement items in the questionnaire in this study, namely service quality, customer trust, brand image and electronic word of mouth, and purchase decisions.



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### 3.8. Test the Validity and Reliability of Research Instruments

#### 3.8.1 Validity Test

The method that is often used by researchers in the SEM field to measure models through confirmatory factor analysis is to use the MTMM (Multi Trait-Multi Method) approach by testing convergent and discriminant validity. Convergent validity is related to the principle that the measures (manifest variables) of a construct should be highly correlated. Convergent validity test with the WarpPLS program can be seen from the loading factor value for each construct indicator. The high loading factor value indicates that each construct indicator converges at one point. The rule of thumb that is usually used to assess convergent validity is that the loading factor value must be more than 0.7 for confirmatory research and the loading factor value between 0.6-0.7 for exploratory research is acceptable and the average variance extracted value (AVE) must be greater than 0.5. Furthermore, the discriminant validity relates to the principle that the measure (manifest variable) of different constructs should not be highly correlated. A high discriminant validity value indicates that a construct is unique. The way to test discriminant validity is by looking at the cross loading value for each variable must be  $> 0.7$ . Another way that can be used to test discriminant validity is to compare the square root of the AVE for each construct with the correlation value between constructs in the model. Good discriminant validity is shown from the square root AVE for each construct greater than the correlation between constructs in the model. (Ghozali, 2012: 37).

#### 3.8.2 Reliability Test

The reliability test was conducted to prove the accuracy, consistency and accuracy of the instrument in measuring constructs. In PLS-SEM using the WarpPLS program, to measure the reliability of a construct it can be done in two events, namely with Cronbach's Alpha and Composite Reliability. However, Cronbach's Alpha to test construct reliability will give a lower value (under estimate) so it is more advisable to use Composite Reliability in testing construct reliability. The rule of thumb that is usually used to assess construct reliability is that the Composite Reliability value must be greater than 0.7 for confirmatory evaluations and 0.6 - 0.7 values are still acceptable for exploratory research. (Ghozali, 2012: 37-38).

### 3.9. Data analysis technique

In the data analysis technique used in this research is descriptive analysis and SEM-PLS with the WarpPLS 6.0 program.

#### 3.9.1 Descriptive Analysis

Descriptive statistics are statistics that are used to analyze data by describing or describing the data that has been collected as it is without intending to make conclusions on the population that will clearly use descriptive statistics in the analysis (Sugiyono, 2015: 147). The purpose of this descriptive analysis is to describe respondents' answers to the variables contained in the questionnaire, namely the effect of service quality, price, brand equity, customer satisfaction and customer loyalty to Indihome customers in Surabaya.

#### 3.9.1 Statistical Analysis

The statistical test tool used in testing the hypothesis in this study is Partial Least Squares (PLS). Researchers use the PLS test tool in which this test tool is used to explain whether there is a relationship between variables. The evaluation model used in testing with the PLS test tool is to use the outer model and the inner model. SEM-PLS is a tool used to test an equation that shows the effect of independent variables on the dependent variable by using both reflective and formative constructs. This study examines the effect of service quality, price, and brand equity as the independent variable on customer loyalty as the dependent variable, and customer satisfaction as a mediating variable. Following are the test steps using SEM-PLS:

##### 3.9.1.2. Conceptualization of the Model

In model conceptualization, indicators that form latent constructs must be determined whether they are formative, reflective, or a combination of the two and the direction of causality between constructs that determines the hypothetical relationship must also be clearly determined whether it has a direct, indirect or moderating effect.

##### 3.9.1.2 Determining Algorithm Analysis Method

Algorithm analysis is a research that has passed the conceptualization stage of the model and determined the Algorithm analysis method that will be used as an estimation model. (Ghozali, 2012: 34).

##### 3.9.1.3 Determining the Resampling Method

The resampling method is used because the significance value of the PLS model estimate cannot be known, therefore it must be resampled. This research will use the resampling method from Jackknifing in

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which the sub-samples of the original sample are grouped into groups to perform resampling again where the sampling distribution is generated through a single data and will be stable if the number of original samples is less than 100. This is done to calculate the value of statistical significance. In the WarpPLS program the default resampling amount is 100 but it can be replaced as needed (Ghozali, 2012: 35).

### 3.9.1.4 Drawing a Path Diagram

In this study, the path diagram used is the Reticular Action Modeling (RAM) nomogram procedure with the following conditions:

1. The theoretical construct that shows the latent variable must be drawn as a circle or ellipse (circle).
2. Observed variables or indicators must be drawn in square form.
3. The relationship or influence between variables is drawn with a single headed arrow (Ghozali, 2012: 36).

### 3.9.1.5 Model Evaluation

Model evaluation in SEM-PLS must go through two stages, namely evaluation of measurement models and evaluation of structural models. The evaluation of the measurement model or so-called the outer model is assessed to measure the validity and reliability of all the latent construct-forming indicators. The following are the provisions of the validity and reliability values of the construct forming indicators:

Table 3.3  
Table of Provisions for the Value of Validity and Reliability

| Validity test                   |                                  |
|---------------------------------|----------------------------------|
| Parameter                       | Rule of Thumb                    |
| Loading Factor (each indicator) | > 0,5-0,7                        |
| AVE                             | > 0,5                            |
| Reliability Test                |                                  |
| Parameter                       | Rule of Thumb                    |
| Compostite Reliability          | > 0,7 untuk exploratory research |
| Cronbach Alpha                  | > 0,6 untuk exploratory research |

Source: Ghozali (2012)

Research on the validity of construct-forming indicators can be seen from the loading factor value and Average Variance Extracted (AVE). The loading factor value must be above 0.7 if it is below 0.5 then the indicator must be removed from the construct because this indicator is not loaded into the construct that represents it. However, if the loading score is between 0.5-0.7 the indicator can still be maintained as long as the AVE value is still more than 0.5.

Reliability test can be assessed from Cronbach Alpha and Composite Reliability. A construct is said to be reliable if the Cronbach Alpha value is > 0.6 and the Composite Reliability value is > 0.7. Evaluation of structural models and inner models has the aim to predict relationships between variables by looking at how much influence is explained by looking at the value of R<sup>2</sup> and to know the significance can be seen from the P-value.

### 3.9.1.6 Hypothesis Testing

A hypothesis is an initial assumption of a research problem whose truth must be tested empirically. The hypothesis states what relationship the researcher will look for. According to Sugiyono (2015: 308) the hypothesized matrix and the calculated results matrix are said to be not deviating if the coefficients contained in the path diagram between the hypothesized and the calculation, the difference is not more than 0.05, thus indicating a level of significance, so that the hypothesis can be accepted.

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