



**THE IDENTIFICATION OF DOMINANT FACTORS
OF PEOPLE CHOOSING FOREIGN GAS STATION
IN JAKARTA**

By

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PANEL OF EXAMINERS APPROVAL SHEET

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DECLARATION OF ORIGINALITY

I declare that this thesis, entitled “**The Identification of Dominant Factor of People Choosing Foreign Gas Station in Jakarta**” is, to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain a degree.

Cikarang, Indonesia, 22 September 2010

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ABSTRACT

The topic of this research is to find the dominant factor why people choosing foreign gas station while local state gas station is still dominated the market in Indonesia. The aim of this research is to make Pertamina (local state enterprise) to have better performance, Pertamina can analyze their weakness by looking the strength of foreign gas station which makes people choose them. This research is construct by Mckinsey 7s framework as a theory that conduct the questionnaire. This research is use quantitative methodology, with questionnaire (Likert scale) as a data collection tool. For analyzing the data, the researcher use factor analysis to determine the dominant factor and help by SPSS. As the result, the researcher found there are 4 new dominant factor, as follows: staff trait and characteristic, facility availability, product quality, and exterior design. The recommendation for Pertamina is try to analyze their weakness and find the threat from the competitors with take a look the dominant factor that affecting people choose foreign gas station, and after that try to improve their performance.

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I. INTRODUCTION

1.1. Background of Study

Since the beginning of 21st century globalization is very common topic that people's talk about. Globalization is related to the international business, which is in international business globalization is refer to the economic globalization, where the economic globalization leads the globalization on competition market, production, industry, and technology. Companies need to globalize their international strategy by formulating it across markets to take advantage of underlying market, cost, environmental, and competitive factors (Czinkota, Ronkainen, Moffett, 2008, pp. 380). The globalization opens a huge opportunity of each country to expand the business network in the overseas countries.

There are international companies that entering Indonesia market, such as: goods and services sector, technology sector, mining industry, also petroleum sector, and etcetera. The globalization gives advantages for foreign petroleum companies to expand their business in Indonesia and stimulate a healthy competition in this sector. While before the globalization, Pertamina (Indonesian state owned enterprises) dominated petroleum market in Indonesia because there was no other competitor.

Since 2005 Pertamina is not dominated petroleum market, because of there are three other foreign competitors that entered gas station market in Indonesia. The first foreign petroleum company which operates their gas station in Indonesia is Shell (Petroleum Company from Deutschland) which operates in Indonesia since 1928 and operates their first gas station at Lippo Karawaci on November 1st 2005. After operate their first gas station at Lippo Karawaci, Shell already built 35 gas stations at JABODETABEK (<http://www.indomigas.com/spbu-shell/>). The second

company that overtakes what Shell did is Petronas (Petroleum Company from Malaysia), Petronas operate their first gas station in Indonesia on March 9th 2006, at Cibubur, Jakarta Timur (<http://www.gatra.com/2006-04-02/artikel.php?id=93396>). And the last is Petroleum Company from France which enters gas station market in Indonesia is Total. Total the France petroleum company is operating their first gas station at Mt. Haryono on March 23rd 2009 (<http://www.detikfinance.com/read/2009/03/23/174434/1103962/4/>). With those facts we can take a look that Pertamina as Indonesian state owned enterprise is not belong to be dominated the petroleum market in Indonesia.

Referring to that background, it makes Indonesian people have many choices in petroleum market. This research will analyze the dominant factor that makes people choosing the foreign gas station while Pertamina has been dominated the market in Jakarta. Therefore, the entitled of this research is **“The Identification of Dominant Factors of People Choosing Foreign Gas Station in Jakarta”**.

1.2. Problem Identified

The intense competition of the petroleum companies which fight over the gas station market in Indonesia is the major thread for Pertamina. Since many foreign petroleum companies that enter in gas station market in Indonesia, it gives a lot of choices for the consumers, while Pertamina has been dominated in gas station market in Indonesia. The tide competition in gas station sector is a positive feedback of globalization, it is relevant to the government effort which is petroleum market is given to the market, so the government will not give a subsidies anymore.

The proceeds of Pertamina after foreign gas station operate in Jakarta is decreasing than before. This thesis focus to take a look gasoline that have octane number 92 (Pertamax), because this number become a standart gasoline of foreign gas station. This table below is shown the proceeds of Pertamax start on 2003 until 2007 with the unit of numbers in kilo liters.

Table 1.1. The Proceeds of Pertamax in Jakarta

2003	2004	2005	2006	2007
392,910	393,100	380,827	366,827	248,875

Source: Directorate of Marketing and Commercial of Pertamina

From the table above, the researcher can see the decreasing of proceeds since foreign gas station operate in Jakarta. First foreign company operate gas station is on 2005, and the proceeds of Pertamax since 2005 decreased than 2004. It means the presence of foreign gas station is become a thread for Pertamina.

Based on the tide competition in petroleum market, the consumers have several factors that make them still choose foreign gas station in Indonesia while Pertamina as Indonesian state owned enterprise has been dominated the market. With McKinsey studies, there are 7 points that will help the researcher to analyze what factor that brings the consumer chooses the foreign gas station. The 7S of McKinsey studies are shared value, structure, strategy, system, style, staff, and skill. In this research, the researcher wants to identify the dominant factors that make people in Jakarta choose the foreign gas station while Pertamina has been dominated.

1.3. Statement of Problem

Gasoline is the main consumption for vehicles. Gas station market in Indonesia is has been dominated with Pertamina which is an Indonesian state owned enterprise, but now some of foreign petroleum company already built their owned

gas stations. Since some petroleum company enter gas station market in Indonesia, it makes Indonesian people have more choices of gasoline, and they will find the best for their vehicles.

The question which states the problem of the study is:

“What are the dominant factors of people choosing foreign gas station while Pertamina has been dominated the market in Jakarta?”

1.4. Research Objectives

This research has objective wanted to achieved, such as:

“To identify the dominant factors that makes people choose foreign gas station while Pertamina has been dominated the market in Indonesia.”

1.5. Significance of Study

This research is identifying the factors that make people choose foreign gas station while Pertamina still dominated gas station market. The benefits in this research purposed to Pertamina as the Indonesian state owned enterprised which dominated the market, the researcher and further researcher.

1.5.1. Pertamina

The researcher hopes this research will give useful information from people point of you for Pertamina about the factors that make people choosing foreign gas station. This information can be useful for Pertamina as a source to take a look the threads from competitor.

Hopefully, the outcomes from this research can be used for Pertamina to analyze their weakness compare with foreign company, and also with analyzing their weaknesses; Pertamina will fix their organization system especially on gas station market. This research can be used for Pertamina to look the picture of Indonesian

people choosing the best gasoline and gas station services for their satisfaction of a product and services.

1.5.2. The researcher and further researcher

Researcher wishes this study will help the researcher to have deeper understanding about consumer buying decision and Mckinsey theory about 7s that useful for an organization to analyze their weaknesses and how an organization can revise their mistake and to be a better organization.

1.6. Theoretical Framework

Automobile engines required gasoline that needed petroleum as a raw material, it makes gasoline becomes a major product of vehicles consumption; therefore it has been a tide competition on gasoline business, including business on gas station. Gasoline is a product of petroleum industry for fuel vehicles which produced by the fractional distillation of petroleum, also known as crude oil (<http://alternativefuels.about.com/od/thedifferenttypes/a/gasolineorigins.htm>). Gasoline divided into three, based on international standard of octane value, namely as octane 92, octane 95, and octane 88.

The figure of theoretical framework is as follow:

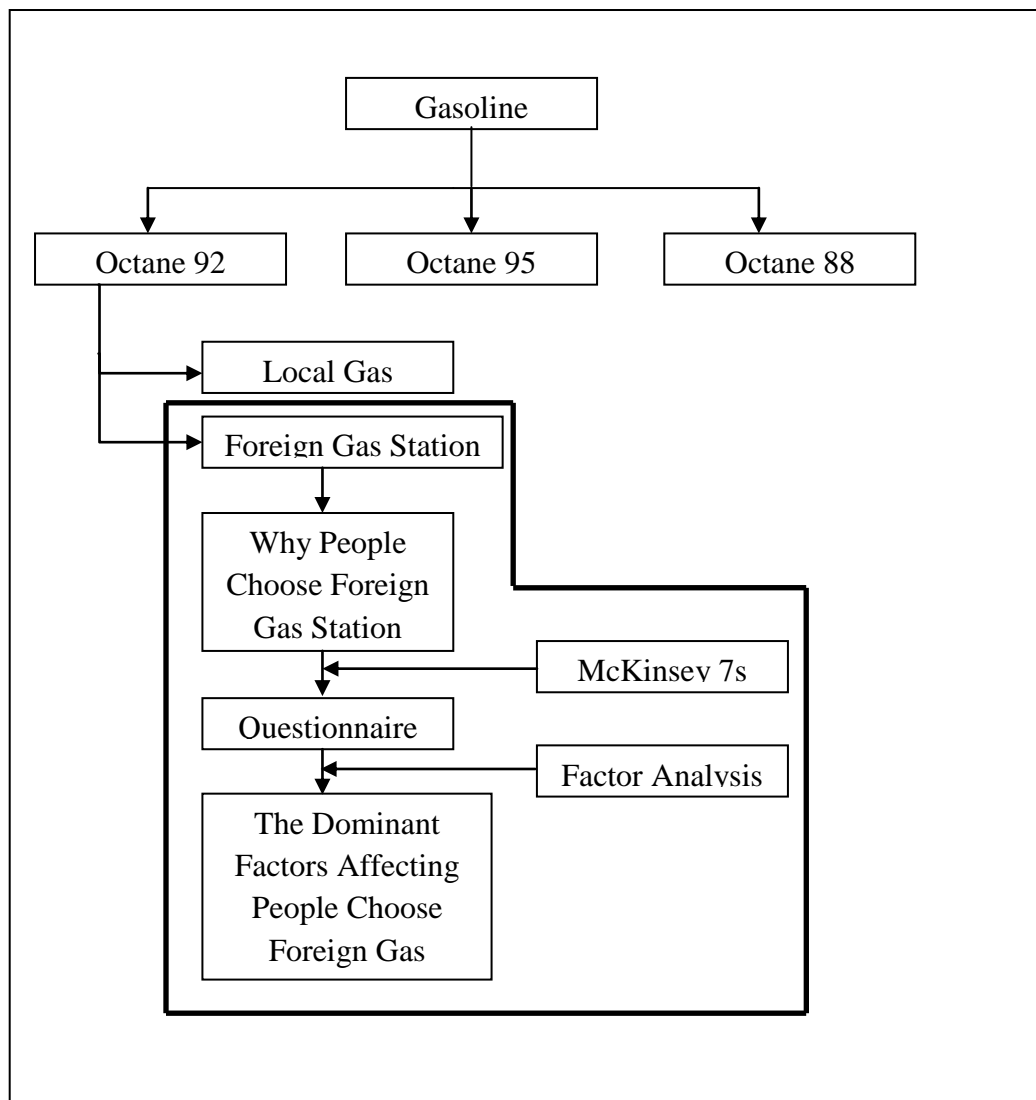


Figure 1.1.Theoretical Framework

Source: created by researcher

Some of foreign petroleum companies are taking part on gasoline business, including on gas station market in Indonesia, it is makes Pertamina not monopoly the market. Tight competition makes consumers have many choices and the consumers more selective choosing the best one for their vehicles. And many people prefer choosing foreign gas station rather than Pertamina, while Pertamina still dominated the market. During this competition on the gas station business, there are some dominant factors that make people choose foreign gas station while Pertamina dominated the market. This research objected to identify the main

factors of people choosing foreign gas station while local gas station still dominated the market in Indonesia.

From the figure 1.1 above, it can determine that researcher will specified to analyze the dominant factor of people choosing foreign gas station while Pertamina dominated the market. The questionnaire is used as a research instrument and the factor analysis method is used for data analysis. And the result, there will be dominant factors identified.

1.7. Scope and Limitation of Study

Scope and limitation is applied in order make this research still clear in the research area and to border the research from any unnecessary things analyzed.

1.7.1. Scope

The scope is used to keep the research in the right track; it is to avoid too broader analysis. This research focused only in dominant factor people chooses foreign gas station in Jakarta.

1.7.2. Limitation

This research has some limitations, beside the scope. Some limitations in this research are:

1. The populations for this research are people who have and drive their own cars, and choosing foreign gas station while Pertamina still dominated in Indonesia. This research is to identify the dominant factor people choosing foreign gas station like Shell, Petronas, and Total.
2. This research is using McKinsey 7s theory as a theoretical basis to analyze this research. The diagram of McKinsey theory has many elements that can describe the dominant factors of this research. Mckinsey theory is shared value, structure, strategy, system, style, staff, and skills.
3. The minimum samples that the researcher took are 50 samples. Based on Agus Riyanto, SKM., M.Kes (2009), pp. 1, every variable at least has 10 to 15 respondents.

4. Researcher is focused to people who live in Jakarta that have and drive their own car. And also focused on people who already had been try foreign gas station and choose octane 92 for their vehicles fuel.

1.8. Definition of Term

1. Globalization is the fact that different cultures and economic systems around the world are becoming connected and similar to each other because of the influence of large multinational companies and of improved communication. (Oxford Dictionary 7th edition, 2005)
2. International business is consisting of transactions that are devised and carried out across national borders to satisfy the objectives of individual, companies, and organization. (Czinkota, Ronkainen, Moffett, 2004, pp. 5)
3. Petroleum is fossil fuel that made from remains of plants and animals; it is a liquid that is found underground, petroleum also called as oil. (Source: www.need.org/needpdf/infobook_activities/ElemInfo/PetroE.pdf)
4. Fuel is any material that produces heat or power; noun (Oxford Dictionary 7th edition, 2005)
5. Gasoline is a product of petroleum industry for fuel vehicles which produced by the fractional distillation of petroleum, also known as crude oil (Source:<http://alternativefuels.about.com/od/thedifferenttypes/a/gasolineorigins.htm>).
6. Octane rating is a number to define the property of gasoline to resist detonation by high pressure and high temperature conditions, in a specific range. (<http://ezinearticles.com/?What-is-an-Octane-Rating?&id=3618239>)
7. Factor analysis is common name that shows kind of procedure class, primarily used to reduce data or summarize the variables, make it less. (Prof. J. Supranto, M.A, APU, 2004, pp. 114)
8. Population is a set of units of people, objects, transactions, or events that interested in studying. (Mclave, Benson, Sincich, 2008, pp. 7)

9. Sample is a subset of the units of population. (Mclave, Benson, Sincich, 2008, pp. 8)
10. SPSS stands for Statistical Package for Social Science

II. LITERATURE REVIEW

2.1. Gasoline

Crude oil is a mixture of hundreds of hydrocarbon compounds. At the refinery, crude oil converted into products such as Liquid Petroleum Gas (LPG), gasoline, kerosene, diesel, fuel oil, lube base oil, and coke. From the products that produced from crude oil, gasoline is the main topic for this research.

Gasoline is a refined product from crude oil that mixed from hundreds of chemicals. Gasoline is liquid fuel; usually colorless, pale brown or pink liquid; and also gasoline is flammable. Gasoline is used in automotive uses as a fuel for engine for vehicles. Gasoline also knows as gas, motor spirit, motor fuel, petrol, and essence. Most of the refinery produced two grades of gasoline; regular and super.

The differentiation of the grades of gasoline (regular and super) is from the anti-knock quality or common call as Octane Number. Octane rating is measurement the resistant of gasoline to detonation in internal combustion engines that uses spark plugs to ignite the gas mixture (<http://www.seekins.com/images/archive/column17.pdf>). In Indonesia, gasoline divided into three range of octane number, such as: octane number 88 (Premium), octane number 92 (Pertamax), and octane number 95 (Pertamax Plus).

2.2. Brief Explanation of International Business

International business is consisting of transactions that are devised and carried out across national borders to satisfy the objectives of individual, companies, and organization (Czinkota, Ronkainen, Moffett, 2008, pp. 5). With the combination of domestic and international business, it can present more opportunities for

expansion, growth, and income than just a domestic business. International business creates some new ideas, services, and capital across the world.

International business also proposes new choices for the consumers. It can permit the acquisition of a wider variety of products; both in term of quantity and quality, and do so at reduced prices through international competition (Czinkota, Ronkainen, Moffett, 2008, pp. 5). International business is opens up markets to competition, which, in many instances has been unexpected and is difficult to cope with; and as a result international business activities do not benefit everyone to the same degree. International business can bring benefits and opportunity to some, while delivering drawbacks and problems to others.

Through the gas station business in Indonesia, with the globalization, the local state gas station is having some competitors on the gas station market. With that fact there are market competitions in order to grab the gas station market in Indonesia. Foreign companies have been built the plan to grab the market, which they make their companies stronger than the local state, such as:

1. Building strategic management among their companies
2. Increasing awareness of the importance of corporate culture: 7s model

Strategy does not need only to be congruent with the organizational structure and the key administrative processes; but most centrally, it has to be integrated within the corporate culture (Hax, Majluf, 1984, pp. 94). Therefore, the company should be more concern analyze their corporate culture; because it is one of strategic management.

2.3. Consumer Buying Decision

Consumer buying behavior is the study of how and why people purchase some goods and services. The consumer decision process is from internal and external factors that makes an impact on buying decision. The draw of consumer buying behavior is called “*black box*” model.

Black box model is show below:

Table 2.1.Black box Model

Blackbox (Buyer’s Mind)	
Internal Influences	Decision-Making Process
- Belief / Attitude	- Problem Solving
- Values	- Information Search
- Learning	- Alternate Evaluation
- Motives / Needs	- Purchase
- Perception	- Post Purchase
- Lifestyle	- Evaluation

Source: <http://www.learnmarketing.net/consumer.htm>

It is called black box model because we know so little about how the human mind works, we cannot see what that goes on in the mind of human. With this black box it helps the company identify the major internal influences and also the major steps in the consumer decision making process.

When people make decision for purchasing some products, based on <http://www.learnmarketing.net/consumer.htm> there are several process which consumer go through:

1. *Problem / need recognition*

The first step when people want to purchase something, they should be having a need.

2. Information search

After the need arousal, customer wants to solve it and gather some information. People gather information from several sources, such as: personal source (family, friends, etc); commercial (advertisement, salesman); public (mass media); and experiential.

3. Evaluation of different purchase decision

After gather the information, customers evaluate other alternative option.

4. Purchase decision

With evaluating other alternatives, the customer will ranked the set of preference, and the last they will make a decision.

5. Post purchase behavior

After buy and try the products, customer will feel the level of satisfaction. If the customer satisfied with the product, they will choose the same product.

2.4. McKinsey 7'S Model

2.4.1 McKinsey and Company

McKinsey 7S model is created by McKinsey and Company which applied research in business and industry. Two people behind 7S framework are Tom Peters and Robert Waterman in the early 1980, they developed 7s model to analyze some large organizations. The basic concept of the model is there are seven internal aspects of an organization that need to be aligned. This model can be used in a variety of situation, for example to help on improving the performance of a company; examining the effects of changes in future within a company; aligning departments and processes during a merger; and determining how best strategy to be implemented for the company.

The 7S framework was created easily to be remembered model in business; all of the seven variables are begun with the letter S, thus this framework call as McKinsey 7S Model. All of those “S” variables are: strategy, structure, system, staff, skill, style, and shared value. This model divided into two part hard element and soft element

This framework is not mention the external environment; this framework is taking a look the internal aspects of a company if that company wants to revise the management. McKinsey model is a framework for a company that concern on the quality of management of a company, how stronger the companies implement their work to be a strong organization.

Table 2.2.Hard and Soft Elements

Hard	Soft
Strategy	Staff
Structure	Skill
System	Style
	Shared Value

Source: http://www.mindtools.com/pages/article/newSTR_91.htm

There was concerted effort on the part of the originators of the model to coin the managerial variables with words beginning with the letter S, so as to increase the communications power of the model (Arnoldo C. Hax, Nicolas S. Majluf, 1984, pp. 94). The four soft four Ss are the primary forces which shape the culture of the organization (Arnoldo C. Hax, Nicolas S. Majluf, 1984, pp. 96). Thus, a company should emphasize that the quality of management is depends on those key managerial dimension; the best run company should have been able to run and

develop strategies, systems, and structures; and also supported by the organization super ordinate goals (shared value), style, skill, and staff.

2.4.2. McKinsey 7S Model

The description of those 7S Models are:

1. **Strategy:** A coherent set of actions aimed at gaining a sustainable advantage over competition, improving position vis-a-vis customers, and allocating resources (Hax, Majluf, 1984, pp. 94).

Strategy is referring to the three questions 1) where the organization is at this moment in time, 2) where the organization wants to be in a particular length of time and 3) how to get there.

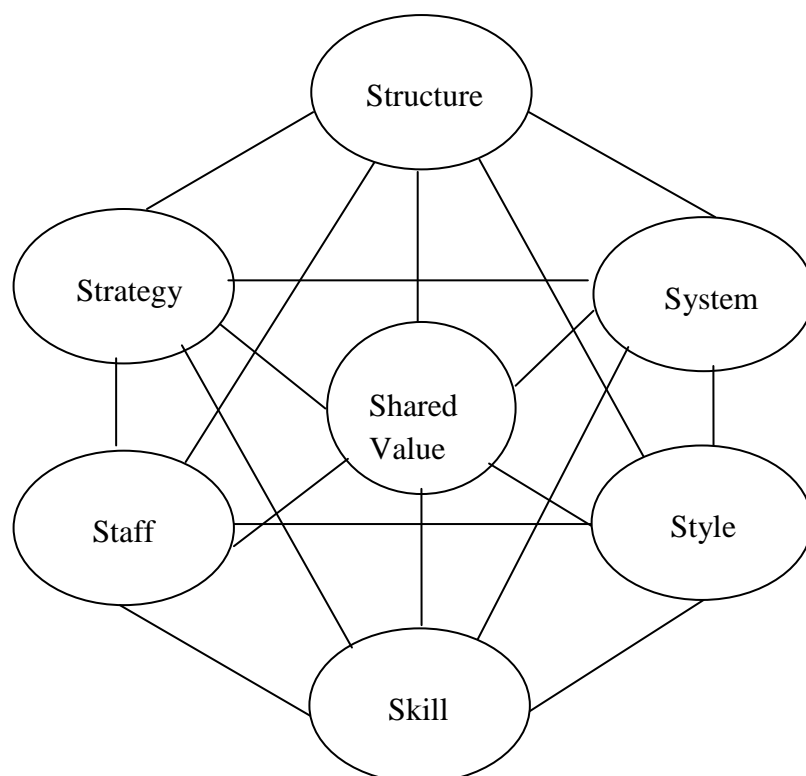


Figure 2.1.McKinsey 7S Model

Source: Philip Kotler, Swee Hoon Ang, Siew Meng Long, Chin Tiong Tan, (2003), pp. 104

Thus strategy is the process of specifying an organization's objectives, developing policies and plans to achieve these objectives, and allocating

resources so as to implement the plans. It is the highest level of managerial activity usually performed by the company's CEO and teams (source: http://www.wordiq.com/definition/Strategic_management). The researcher can talk that strategy is a plan of an organization to reach identified goals, with observed the environment, competition, and customer.

2. **Structure:** the organization chart and accompanying baggage that show who reports to whom and how tasks are both divided up and integrated (Hax, Majluf, 1984, pp. 94). The organizations are structured in a variety of ways, depend on the objectives. The structure of the company often dictates the way it operates and performs. Basically, organization is having been structured with several of division and department, which each of division have their individual responsibilities.
3. **System:** the process and flows that show how an organization gets things done from day to day (Hax, Majluf, 1984, pp. 94). Is usually strictly to be followed and designed to achieve maximum of effectiveness. Special emphasis is on the customers with the intention to make the processes that involve customers as user friendly as possible (Lynch, 2005).
4. **Style:** tangible evidence of what management considers important by the way it collectively spends time and attention and uses symbolic behavior (Hax, Majluf, 1984, pp. 94). It is the way of the manager to behave to achieve the organization's goal. And all of the organizations have their own style of management.
5. **Staff:** the people in an organization, it is not about individual personalities, but about corporate demographics (Hax, Majluf, 1984, pp. 94). An organization is created and develops by human, and these people are the key to make the organization success. A good organization has to hire the best staff, provide them some training, and help them to be professional.

6. **Skill:** are those capabilities that are possessed by an organization as a whole as opposed to the people in it (Hax, Majluf, 1984, pp. 94).

7. **Shared Value:** the values that go beyond, but might well include, simple, goal statements in determining corporate destiny (Hax, Majluf, 1984, pp. 94). This shared values keeping the employees working in the right way toward a common destination of the organization, and should keep the team spirit alive. The organizations with weak values and common goals often find their employees following their own personal goals that may be different or even in conflict with those of the organization or their fellow colleagues (Martins and Terblanche, 2003).

III. RESEARCH METHODOLOGY

3.1. Research Method

In this chapter, the researcher will explain about the methodology that applied in this research. There are two types of research, such as quantitative and qualitative research. Quantitative research uses numbers to prove or disprove a notion or hypothesis. Quantitative research uses data that are structured in the form of numbers or that can be immediately transported into numbers; it is very controlled, exact approach to research (Thesis Guideline, 2010).

In contrast, qualitative research is placed in general category of non experimental method because they do not directly test for cause and effect. General purpose of qualitative research is to examine human behavior in the society, cultural, and political context in which they occur. Done through a variety of tools such as interview, historical method, case study, and ethnography (Thesis Guidelines, 2010).

In this thesis, the researcher use quantitative method because of use data that are structured in the form of number to analyze. This research also used factor analysis method to determine the dominant factor of the result in this research. Factor analysis is used to reduce the number of variables, so that the researcher can get new dominant factor. With factor analysis, the researcher can get the dominant factors that make people choose foreign gas station while local state gas station dominated the market.

In collecting data, the researcher used primary data by using Likert Scale questionnaires. Using primary data as the source is because of the researcher want to know directly the answer of the respondents. Researcher can gather all in formations and measure the data with accuracy and consistency of data.

3.2. Research Framework

For this research there is a research framework which is describe the process of how this research get done. It is explaining from how the researcher got the topic until the researcher got the conclusion.

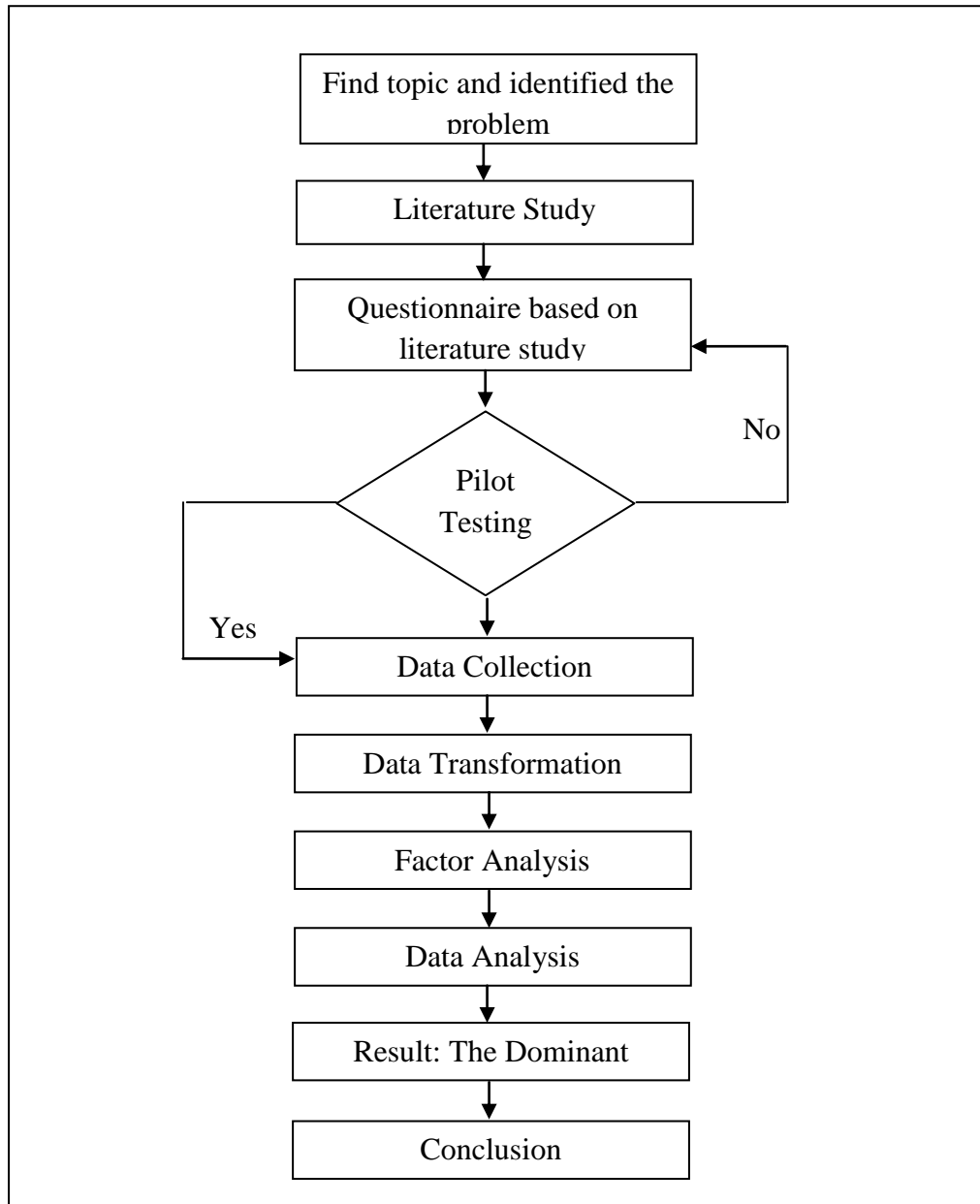


Figure 3.1.Research Framework

Source: constructed by researcher

The research was begun with the problem faced by researcher which is related with international business sector study. The research is supported with the theory, constructive questionnaire, factor analysis method that helps to determine the dominant factor of this research, and finally conclude the conclusion

3.3. Research Time and Place

The research was conducted on internet spread it using facebook, and also come to some foreign gas station by asks their email and sent the questionnaire by email. The specific places are in Shell gas station, Total gas station, and Petronas gas station. The time of research was conducted is between June 23rd 2010 – July 10th 2010.

3.4. Research Instrument

Research instruments that used in this research are:

- SPSS version 17
- Microsoft Excel
- Data Collection
- Data Analysis

3.4.1. Data Collection

a. Survey

At first, the researcher searching some problems that happened globally, in order to start conducts the research. The researcher majoring International Business, so this research should be related to the International Business study at university. After found the problem, the researcher analyzes the problem and fined the conclusion of the problem.

b. Literature Review

Using some theories is to strengthen the research based on the statement state in the book or journal. The theories that used in this research are related with international business, management, and strategic management. These literature reviews are to be a guideline for building the questionnaire.

c. Questionnaire

The questionnaire used in this research is using Likert Scale questionnaire, which is scoring 1-5 (one to five) to show the option of strongly disagree to strongly agree.

The figure of the questionnaire is shown below:

Table 3.1. Likert Scale Questionnaire

No	Statement	1 Strongly Disagree	2 Disagree	3 Moderate	4 Agree	5 Strongly Agree
1						
2						
3						

Source: created by researcher

Likert rating scale questionnaire is can express the favorable or unfavorable toward the interest of respondents The scaling is to facilitate the placement value of comparison, use Likert scale is for easier to measure the level of satisfaction or opinion, and it is not to measure the respondent (people) but measuring the attribute of the respondent.

Another reason used Likert scale is because Likert scale easy to calculate and the respondents can simply filling the questionnaire without spent a lot of time to think the answer. The questionnaire is use Indonesian language because of the respondent is Indonesian people; it is to easier for them to understand the statement of the questionnaire.

3.4.2. Data Analysis

There are two tools that help researcher analyzing data of this research, which are SPSS (*Statistical Package for Social Science*) version 17; and Microsoft Excel 2007. Those tools are to help in processing statistical data for the questionnaire.

Microsoft excel is used to record the raw data scored from the questionnaire, and then placed it in SPSS to be analyzed. The SPSS is for analyze data to know the validity and reliably test (pretest) and for implementation of factor analysis method to determine dominant factors.

Factor Analysis

Factor analysis is used in processing data in order to determine the dominant factor of this research, as the result factor analysis creating some new factors where on the new factors there are two variables. There are two types of variables; manifest variable and latent variables. Manifest variables will construct latent variables which will be the statement that explained each factor.

There are four steps in computing factor analysis, the following steps is shows below:

1. Organizing Data

After the researcher collecting the data from the questionnaire, the researcher had to organized the data into Microsoft excel. In the Microsoft excel within the table, the row is shows variables of this research and the column shows the respondents.

2. Transforming Data

The Likert Scale questionnaire as the result of the raw data is in ordinal type. For calculating factor analysis, the data have to be in interval types, it is necessary to transform ordinal data to be interval data. The transformation is using Microsoft Excel 2007 and converted software sourced from www.azuarjuliandi.com that makes the transformation is easier. This transformation methodology is called Successive Interval Method.

3. Factor Analysis Using SPSS

a. Correlation Matrix

The purpose of correlation matrix is to find the relationship between each variable. This step will be used for further process in factor analysis. This step shows whether this research may be continued to be process using analysis factor.

There are two measurement test for checking the right variables, such as with Kaiser-Meyer-Olkin (KMO) test, and Barlett test. Kaiser recommends accepting values greater than 0.5 as acceptable since 1974. The results of this measurement is to answer the question, are those variables able to be analyzed on future?

On the Barlett test showing the significance test which tells there are relationships between variables, R matrix would be zero to all correlation coefficient. Connection is getting bigger if the determinant is close to zero. Bartlett test of sphericity is used in order to identify the determinant values of the data.

b. Extracting Factor

There are three lists on the eigenvalues, such as: linear component before extraction, after extraction, and after rotation. Eigenvalues is associated with each factor that represents the variance explained and SPSS displays eigenvalues in term of the percentage.

Loading factor is shows the proportion on latent variables which that according to statistic significance of the coefficient correlation loading. For this research, the researcher use 0.65 as a loading factor, variables that below than 0.65 will not considered as latent variables. And variables that greater than 0.65 are showed that have big influences on the latent variables, afterward the manifest variables grouping can be performed.

c. Rotated Varimax

Rotation varimax is shows the maximal value and manifest variable contribution to latent variable. It is shows what is the stronger variable to represent the answer for this research.

3.5. Sampling Design

In this section will explain about sampling design for this research. Sampling design is consist of size of the population and sample technique to identify the sample. The brief explanation is explained as follow:

3.5.1. Size of Population

Population is a set of units of people, objects, transactions, or events that interested in studying (Mclave, Benson, Sincich, 2008, pp. 7). Before starting to collect the data, the researcher should measure the population. The populations for this research are people who live in Jakarta which drive their own cars and buy

gasoline at foreign gas station in Jakarta. The number of population for this research is unknown.

The researcher have limited time collecting the data, it makes the amount data collected will be limited because of the number of respondents is small. Thus, it is impossible to have a complete population to be investigated. Therefore, it is a must for the researcher to take a sample, usually use a small number of samples.

3.5.2. Sample Technique

In this research the technique for determining sample are:

- The sample must have more observation than variables
- The minimum absolute sample size should be 50 observations for unknown population

3.6. Pilot Testing (Pretest)

The researcher should take pretest before spread the real questionnaire. The purpose of pretest is to check the validity and reability of the questionnaire statement. It is to know the statement of questionnaire is appropriate and represent the theory that show for this research.

The step of pilot testing are:

1. Construct the questionnaire draft. The draft of the questionnaire is attached on APPENDIX A.
2. Spread to the 15 students of President University who drive their own cars and have been pump their gasoline at foreign gas station. 15 respondent is become a minimum size to have pilot testing.
3. Have collected the answer of questionnaire; organize the data on Microsoft Excel; transform from ordinal type into interval type with successive interval method.

4. Put the interval data on the SPSS to have a calculation of validity and reability test.
5. The result will show the valid questionnaire of this research.

The explanation about validity test and reliability test are shown below:

3.6.1. Validity Testing

The purpose use validity testing is to measure what is the proper question by eliminating improper question from questionnaire. It is makes validity testing an one of an instrument of pilot testing. With validity testing, the researcher can convince that the question in the questionnaire is the proper or exact question that should ask to the respondent. To measure the validity of variables in this research is using Pearson's correlation coefficient.

The formula of Pearson's correlation coefficient is show below:

$$R = \frac{N\Sigma XY - (\Sigma X)(\Sigma Y)}{\sqrt{[N\Sigma X^2 - (\Sigma X)^2][N\Sigma Y^2 - (\Sigma Y)^2]}}$$

Equation 3.1.Correlation Coeficient

Source: J. Susan Milton & Jesse C, Arnold, (2003), pp. 419

Where:

- N = the number of paired observation
- ΣX = X variable summed
- ΣY = Y variable summed
- ΣX^2 = X variable squared and the squares summed
- (ΣX^2) = X variable summed and the sum squared
- ΣY^2 = Y variable squared and the squares summed
- (ΣY^2) = Y variable summed and the sum squared
- ΣXY = the sum of the variable X and Y

Table 3.2.Result of Validity Test

Variable	Corrected Item- Total Correlation	r table	Remark
VAR00001	0.62	0.514	Valid
VAR00002	0.376	0.514	Invalid
VAR00003	0.624	0.514	Valid
VAR00004	0.417	0.514	Invalid
VAR00005	0.773	0.514	Valid
VAR00006	0.433	0.514	Invalid
VAR00007	0.522	0.514	Valid
VAR00008	0.543	0.514	Valid
VAR00009	0.593	0.514	Valid
VAR00010	0.458	0.514	Invalid
VAR00011	0.777	0.514	Valid
VAR00012	0.667	0.514	Valid
VAR00013	0.786	0.514	Valid
VAR00014	0.776	0.514	Valid
VAR00015	0.887	0.514	Valid
VAR00016	0.833	0.514	Valid
VAR00017	0.472	0.514	Invalid
VAR00018	0.826	0.514	Valid
VAR00019	0.342	0.514	Invalid
VAR00020	0.354	0.514	Invalid
VAR00021	0.281	0.514	Invalid
VAR00022	-0.234	0.514	Invalid
VAR00023	0.558	0.514	Valid
VAR00024	0.152	0.514	Invalid
VAR00025	0.499	0.514	Invalid
VAR00026	0.598	0.514	Valid
VAR00027	0.606	0.514	Valid
VAR00028	0.61	0.514	Valid
VAR00029	0.411	0.514	Invalid
VAR00030	0.515	0.514	Valid
VAR00031	0.739	0.514	Valid

Sources: SPSS 17 and Primary Data by Researcher

From table 3.1, there are 19 (nineteen) valid data and the rest is invalid data, which is the invalid data had to be removed from the questionnaire. The valid data is a variable that represent the proper question that the researcher want to ask to the respondent. Those valid variables are uses to final questionnaire to be spread to the respondents for collecting the primary data of this research. The researcher determined the valid and invalid data is based on the analysis result from SPSS 17 and *corrected item – total correlation* comparing with *r* table. The valid variables are shows below:

Table 3.3.Result of Valid Variables

Variable	Corrected Item- Total Correlation	r table	Remark
V1 Product quality	0.62	0.514	Valid
V3 Combustion product	0.624	0.514	Valid
V5 Gasoline quantities	0.773	0.514	Valid
V7 Neat & clear exterior	0.522	0.514	Valid
V8 Tire filling	0.543	0.514	Valid
V9 Minimarket facility	0.593	0.514	Valid
V11 Glass cleaning service	0.777	0.514	Valid
V12 Friendly staff	0.667	0.514	Valid
V13 Communicative staff	0.786	0.514	Valid
V14 Smiling staff	0.776	0.514	Valid
V15 Staff says welcome greetings	0.887	0.514	Valid
V16 Staff says farewell greetings	0.833	0.514	Valid
V18 Pump box system	0.826	0.514	Valid
V23 Find location near local gas station	0.558	0.514	Valid
V26 Staff can answer the question of product	0.598	0.514	Valid
V27 Location on the main road	0.606	0.514	Valid
V28 Location on the corner road	0.61	0.514	Valid
V30 Attractive exterior	0.515	0.514	Valid
V31 The exterior uses the same color as its logo	0.739	0.514	Valid

Sources: SPSS 17 and Primary Data by researcher

3.6.2. Reliability Testing

In this research, the researcher is using Cronbach Alpha formula and SPSS 17 as the instruments to calculate reliability test. The reliability test is use for measuring the consistency; it is makes that the question is related closed. It is shows the consistency if the measurement re-done for twice or more.

Cronbach's alpha can be written as a function as follow:

$$\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N-1)\bar{c}}$$

Equation 3.2. Cronbach's Alpha Formula

Source: <http://www.ats.ucla.edu/stat/spss/faq/alpha.html>

Where:

N = the number of items

c-bar = the average of inter item covariance among the items

v-bar = the average of variance

The number of cronbach's alpha in this research is 0.931 it means the items is relatively high internal consistency. The researcher can measure that 0.931 is high consistency because based on <http://www.ats.ucla.edu/stat/spss/faq/alpha.html>, a reliability coefficient of 0.70 or higher is considered "acceptable" in most social science research situations.

IV. ANALYSIS OF DATA AND INTERPRETATION OF RESULTS

4.1. Data Collection

The questionnaires are spread via facebook and email. The researcher sends the link via facebook to the respondent as follows:

- students who have Facebook,
- have a car and drive her or his car,
- have been pump their gasoline at the foreign gas station.

Also the researcher sends email to the respondent who working at the office, have a car, and also have been pump their gasoline at the foreign gas station.

The questionnaire spread with Indonesian language, because of the respondent are Indonesian citizen. The questionnaire made with Indonesian language with the purpose to make the respondents easier to understand the meaning of each question in the questionnaire. But the researcher also made as a file the questionnaire with English language for any other purpose.

The total amount of questionnaire that have been spread and return to the researcher are:

- Questionnaire that have been spread: 100 questionnaires
- Questionnaire that have been return: 90 questionnaires
- **Questionnaire that have been valid: 76 questionnaires**

From the data above, the questionnaire that have been valid are 76 data. It is because of the entire questions in the questionnaire is answered properly by respondents. From 90 data that return to the researcher, only 76 respondents that answer the questionnaire properly.

4.2. Research Variable

From table 3.1. the result of valid variables in chapter 3, the total valid variables are 19 (nineteen) variables from 31 (thirty one) variables. Those variables are come from 7 dimension of McKinsey 7s model.

Here are the brief explanations of each variable in the questionnaire:

Table 4.1.Questionnaire Variable

No	Research Dimension	Manifest Variable	Brief Explanation
1	Shared Value	V1	Product quality
		V3	Combustion product
		V5	Gasoline quantities
2	Structure	V7	Neat & clear exterior
		V8	Tire filling
		V9	Minimarket facility
		V11	Glass cleaning service
3	Staff	V12	Friendly staff
		V13	Communicative staff
		V14	Smiling staff
		V15	Staff says welcome greetings
		V16	Staff says farewell greetings
4	System	V18	Pump box system
5	Strategy	V23	Find location near local gas station
6	Skill	V26	Staff can answer the question of product
7	Style	V27	Location on the main road
		V28	Location on the corner road
		V30	Attractive exterior
		V31	The exterior uses the same color as its logo

Source: Researcher's questionnaire

4.3. Data Processing

The explanation of data processing is like on chapter 3. For this research, the researcher use factor analysis as a method for processing the data to determine the dominant factor which make people choose foreign gas station rather than local state while the local state still dominate the market, with Mckinsey 7s model point of view.

The purpose of factor analysis is to discover simple pattern in the pattern of relationship among the variables. With factor analysis, there are some new factor which build from the dominant variables. There will be two types of variables in factor analysis, which are:

- Manifest variables
- Latent variables

For processing the data needs sequence steps. Those steps are as follow:

4.3.1. Raw Data Matrix

X is explained as the number of respondents (76 respondents), and V is explained the number of variables of the questionnaire (19 variables). It is to arrange the raw data of respondent answers in the questionnaire sheets. The complete raw data for pilot test and for research are attached in APPENDIX D.

4.3.2. Data Transformation

The questionnaire is use Likert scale, with scoring 1 to 5 (strongly disagree to strongly agree), which is the result is in ordinal type. For calculating factor analysis, it is must be minimum the result in interval data. Therefore, the researcher has to transform the ordinal data to interval data. The transformation is supported with Microsoft Excel 2007 version and converted with software sourced from www.azuarjuliandi.com, the transformation data is called Successive Interval Method, and the interval value is attached in APPENDIX C.

4.3.3. Factor Analysis Implementation

The calculation of factor analysis is done by SPSS software version 17 and supported by Microsoft Excel 2007 version. Factor analysis is determinant the

main factor which influences people to choose foreign gas station rather than local state gas station.

4.3.4. Correlation Matrix

Correlation matrix is to find the relationship between each variable. High correlation value is needed in order to get good result of factor analysis. Correlation matrix is filtering the proper variables, the values should be greater than 0.5 and have to below 0.9. If there are values that higher 0.9, that variables have to be deleted. The result of correlation matrix it shows the singularity and multicollinearity.

Kaiser-Meyer-Olkin (KMO) value is should be greater than 0.5 based on the book of Agus Riyanto, SKM., M.Kes (2009). The KMO measure of sampling adequacy for this research is 0.887, which is greater than 0.5, and it is means this research is can be used for further analysis. This value can be interpreted with the following guidelines: values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values greater than 0.9 are superb. And the KMO result of this research is 0.887 which is great values and the research can be used for further analysis.

Table 4.2.KMO and Bartlett's Test

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.887
Bartlett's Test of Approx. Chi-Square	997.509
Sphericity	Df 171
	Sig. .000

Source: SPSS version 17

Another measurement to determine the appropriateness of factor analysis is Bartlett's test of sphericity which is to examine the entire correlation matrix. The value of Bartlett's Test of sphericity for this research is 997.509, with significance

level 0.000. It is shows that the use of factor analysis in this research can be continued to the next steps, it is because of the result is shows the correlation matrix of the manifest variables is not an identity matrix.

4.3.5. Factor Extraction

Table 4.3.Eigen Values, % of Variance, Cumulative %

Component	Eigen Values (≥ 1)	% of Variance	Cumulative (%)
Factor 1	9.341	49.161	49.161
Factor 2	1.407	7.405	56.566
Factor 3	1.257	6.616	63.181
Factor 4	1.062	5.587	68.768

Source: SPSS 17, created by researcher

This step is to determine manifest variables into several factors (latent variables) by extracting it. This extraction is determine several values like eigenvalues, percentage of variance, and cumulative. The extraction method is using Principal Component Analysis. And also there are three tables that shows on extracting part, such as: linear component before extraction, after extraction, and after rotation; the detail table is shows in APPENDIX E.

a. Eigen Value

The eigen values should be greater than 1 (≥ 1) as the requirement to identified the new factor. Eigen value is to determined latent variables for this research. From the table 4.2. there are four factors which had eigen value greater than 1. Factor 1

is the biggest eigen values with 9.341 it is represent 49.161% of variances, and the lowest value is factor 4 with 1.062.

b. Loading Factor

Loading factor for this research is 0.65 with 70 sample size needed for significance. The real sample size for this research is 76, but to determine the loading factor the researcher put 70 sample sizes for loading factor.

c. Cumulative Percentage

The total value of cumulative percentage is 68.768%, this value means there are only 31.232% from the total variable variance that are not described.

In factor extraction process, there are several factors that still hard to be interpreted. Therefore, the researcher needs to enter to the next process which is call the rotation factor matrix.

4.3.6. Rotated Factor Matrix

The next step is rotated factor matrix; this is the last step in calculating data. In rotated factor matrix, it is simpler in factor structure which will make the variables interpretation become easier, and will easier to interpret the variables.

The interpretation of rotated factor matrix is begun with loading factor where the loading factor is a standard to know whether the variables are the main factor for this research. The loading factor for this research is 0.65 with 70 sample size. With take a look the loading factor, the researcher can determine that the loading factor below 0.65 must be eliminated and above 0.65 is the main factor.

The loading factor:

- Factor loading 0.55 = 100 sample size
- Factor loading 0.60 = 85 sample size
- **Factor loading 0.65 = 70 sample size**

- Factor loading 0.70 = 60 sample size
- Factor loading 0.75 = 50 sample size

Thus, it will show the manifest variables that construct four latent variables of this research. In the rotated component matrix we will know the dominant variables of this research. The latent variables will have a new name based on the relationship between each manifest variables on one factor.

Table 4.4. Loading Factor Value

Rotated Component Matrix^a

	Component			
	1	2	3	4
VAR00011	0.85			
VAR00012	0.824			
VAR00010	0.819			
VAR00009	0.813			
VAR00008	0.77			
VAR00015	0.676			
VAR00013				
VAR00006		0.716		
VAR00005				
VAR00007				
VAR00018				
VAR00002			0.757	
VAR00001			0.708	
VAR00004				
VAR00019				
VAR00014				
VAR00017				0.824
VAR00016				0.658
VAR00003				

Source: SPSS 17, data collection from the researcher

Factor rotation with an orthogonal varimax rotation which is used in order to rotate the beginning factor of extracted result, hence in the end have many variables which have values is closer to zero, thus, there will be less variables contained in one factor. The result of factor rotation based on loading factor is show in table above.

From the table above there are four new factors as the result of rotated component matrix. Those factors are selected based on loading factor values more than 0.65 with 70 sample size. The deeper explanation of each factor will be show in the next section.

4.4. Interpretation of Result

Finished the data processing, the researcher will continue to determine some manifest variables, and from those manifest variables there will be create latent variable. From 19 variables, there are some manifest variables that represent the dominant factor of this result which categorize into 4 factors. Those 4 factor represent the result of dominant factor which influence people to choose foreign gas station rather than local state gas station. The 4 latent variables should be have a new name, thus the researcher should labeling those latent variables.

Factor 1

Factor 1 has a 49.161% of variance percentage; factor 1 is the strongest factor that influences the consumer choosing foreign gas station. These factors consist of 6 manifest variables.

Table 4.5.Interpretation of Result: Factor 1

No	Variable	Explanation	Loading Factor
1	V8	Friendly staff	.770
2	V9	Communicative staff	.813
3	V10	Smiling staff	.819
4	V11	Staff says welcome greetings	.850
5	V12	Staff says farewell greetings	.824
6	V15	Staff can answer the question on a product	.676

Source: SPSS 17 and Primary Data, constructed by researcher

Those manifest variables on factor 1 are come from two factor if Mckinsey 7S model, which are in staff and skill variables. There are 5 variables that included in staff factor, and 1 variable included in skill factor. Those manifest variables are related with the service of gas station and the employees' services to the customers, therefore, this factor named as **staff trait and characteristic**.

Factor 2

Factors 2 consist of 1 manifest variable with 7.405% of variance percentage.

Table 4.6.Interpretation of Result: Factor 2

No	Variable	Explanation	Loading Factor
1	V6	Minimarket facility	.716

Source: SPSS 17 and Primary Data, constructed by researcher

This variable is come from structure variable from Mckinsey 7S model. This manifest variable on factor 2 is told about the facilities at foreign gas station. Therefore, the labeling for this latent variable is **facility availability**.

Factor 3

The percentage variation of factor 3 is 6.616%. Factor 3 consists of 2 manifest variables, which are quality of product and combustion product.

Table 4.7.Interpretation of Result: Factor 3

No	Variable	Explanation	Loading Factor
1	V1	Quality of product	.708
2	V2	Combustion product	.757

Source: SPSS 17 and Primary Data, constructed by researcher

Those 2 manifest variables come from shared value dimension of 7s model. Because of those variables come from the same dimension, it is make easier on labeling for latent variable. Thus, those 2 variables have new factor named as **product quality**.

Factor 4

Factor 4 consists of 2 manifest variables and has 5.587% of variance percentage from the total variance. Those variables are as follow:

Table 4.8.Interpretation of Result: Factor 4

No	Variable	Explanation	Loading Factor
1	V16	Attractive exterior	.658
2	V17	The exterior uses the same color as its logo	.824

Source: SPSS 17 and Primary Data, constructed by researcher

Those manifest variables from factor 4 come from style dimension. The manifest variables are come from the same dimension, which is make the researcher easier in named this new factor. Therefore, factor 4 is named **exterior design**.

In brief, the influences which make people choosing foreign gas station while Pertamina dominated the market are by:

Factor 1: Staff traits and characteristic

Factor 2: Facility availability

Factor 3: Product Quality

Factor 4: Exterior Design

V. CONCLUSION AND RECOMMENDATIONS

5.1. Conclusions

This research is conducted with McKinsey 7S framework that created by McKinsey Consultant and Company. Those 7S framework consists of strategy, structure, system (hardware); and shared value, staff, skill, style (software). After processing the results from questionnaire and analyze it by factor analysis method helped with SPSS version 17, the researcher get the dominant factor of people choosing foreign gas station rather than local state enterprises (Pertamina) which is dominated the market in Indonesia. There are four new dominant factor shows up from the result of factor analysis. The explanation of each factors are explain as follow:

1. Staff Traits and Characteristic

This factor named as staff traits and characteristic because of the entire manifest variables in factor 1 are related with staff traits to the customers. The customers expecting the good service at gas station, because of not all Pertamina's gas station have a good service. Because of that, the customer expectation is they accept the good service at foreign gas station, and all regularity or standardize at foreign gas station have train their staffs to serve the best to the customer

Factor 1 is come from the variable *staff* and *skill* from McKinsey 7s model. It is tell that from the quality of staff and the staff skill to communicate with the customers makes the people choosing foreign gas station rather than Pertamina. They choose that because Pertamina's gas station does not have standardize or train their employees as well as the foreign gas station. It just Pertamina's gas station which have "*Pasti Pas*" logo that can be tell have good service to the customers.

2. Facility Availability

Facility availability is the standard requirement of foreign gas station in Indonesia. In factor 2 shows that minimarket as a manifest variables that represent facility availability on foreign gas station. All foreign gas station have minimarket facilities, it is make the standard structure when build the gas station.

Minimarket availability comes from *structure* dimension from Mckinsey 7s model. It is put on structure dimension; because of it is a facility that must be there on foreign gas station to satisfy the customer. This dimension is not explaining about the organization structure of a company, in state explaining about the standard facility that a foreign gas station has. It is makes the researcher put the minimarket on the structure dimension. With the existing of minimarket on the gas station, it help to reach customer satisfaction, because sometimes customer not just buy the gasoline but also want to buy some drinks or snacks.

3. Product Quality

Factors 3 are consist of 2 manifest variables that represent *shared value* dimension of the foreign gas station. Those manifest variables is consist of quality product and combustion product of foreign gas station, which are the most important when a company sell their product. Product quality is the main important in business production, this represent the image of the company.

Based on the stability of foreign company to maintain quality of their products, it built customer's trust to the company. From chapter 2 which told that shared values keeping the employees working in the right way toward a common destination of the organization, it is brings the employees and company maintain their quality to produce the best product because of they do not want to lose the customer's trust.

4. Exterior Design

Exterior design is one way of a company to lure their consumers for choosing their retail outlets. Because usually, when people see a place of interest, it makes people to turn around and finally stopped by. Foreign company designed the colors' for their gas station with attractive colors which is representing their logo's colors.

Factor 4 is related to *style* dimension of 7s model that consist of 2 manifest variables, such as: attractive exterior and the exterior uses the same color as its logo. Style is from the software dimension of 7s model. Style is the characteristic or uniqueness that represents the company. With some characteristic of a company, the consumer can recognize them and also make the differentiation between others. And sometimes, with some style of a company it will affect to the customer buying decision.

5.2. Recommendations

This recommendations is refers to the statement on chapter 1, 1.5. Significance of the Study which is consists of Pertamina, and also the researcher and the further researcher. The deeper explanation of each recommendation is follows:

5.2.1. Pertamina

From the result of this research, the researcher can give recommendation for Pertamina to improve their weaknesses comparing to foreign gas station. The dominant factors that make people choosing foreign gas station are:

- Staff traits and characteristic
- Facility availability
- Product quality
- Exterior design

With take a look from those dominant factors which affecting people choose foreign gas station, the researcher hope Pertamina will improve their performance

on those 4 factors. Staff traits to the customers, facility, product quality, and exterior design are the main factor that should be improved on Pertamina's gas station. Because, Pertamina still have weaknesses to have high standard and consistency to take care the quality of their performance. This weakness of Pertamina is the strength of foreign gas station; foreign gas station takes this opportunity to grab the market.

5.2.2. The researcher and Further Researcher

Researcher gets many benefits from this research. Researcher gets new knowledge of Mckinsey 7s model, what are the factors to analyze the organization. And also learn more about international business (market competition), and also consumer buying decision.

For the further researcher, it is recommended to analyze the research outside Jakarta, such as Tangerang and Depok which are also the places that already have foreign gas station on those areas. And also, try to build the variables from other aspect not just from 7s model, it is makes the researcher and other people have new information from different aspect.

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