
EVALUATING IMPACT OF WORD-OF-MOUTH COMMUNICATION ON INVESTOR'S BEHAVIORAL INTENTION: AN EMPIRICAL EVIDENCE FROM PAKISTAN'S STOCK MARKET.

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ABSTRACT

The purpose of this study is to investigate the determinants of stock trading and to answer the question whether word of mouth communication plays an important role in stock trading and holding. Data was collected from stock investors of Pakistan followed by cross-sectional design. Structural equation modeling technique was applied for empirical testing of hypothesis. The outcome of this study suggests that technical expertise; experimental information, and communication skills have positive, direct and significant impact on the satisfaction as well as intention of the investors. The study also found the indirect relationship of word of mouth communication and purchasing behavior of the investors. Likewise, association between word of mouth communication and satisfaction of the investors has been found significant. Literature is silent in analyzing the behavior of investors towards communication. The findings of this study will be fruitful for students, stock investors, analysts, managers and regulators and for corporate sector to formulate strategies to compete in the challenging environment.

Key words: WOM communication, Technical expertise, Experimental information, Stock investors, Pakistan.

1 Introduction

There are many promotional tools that are used in the promotion of goods and services. Communication is the most effective and powerful among all the available promotional tools (E. W. Anderson, 1998). This author suggests that communication can be formal as well as informal. Informal communication is referred to as word-of-mouth (WOM) communication and it is considered to be an influential tool of promotion. Customers make decisions of buying and selling very consciously specially in case of rendering services due to its risky and complex nature (File et al., 1994). These authors suggest that People rely on communication while making decisions in every field of life generally and in buying and selling of the stock specifically.

Participants of stock market feel pleasure while talking with one another and sharing their experiences of trading. Some researchers stated that typically a stock market participant is always keen to know about the market situation at every moment. Sufficient literature has been found regarding WOM communication in the context of marketing but in the context of stock market a gap exists. Ellison & Fudenberg (1995) stated that participation of the investors in stock market is positively affected by the societal interaction. They also found that rationality is one of the key characteristic of stock investors; they involve themselves in those portfolios having maximum utility for their lifetime. Findings of Brown et al. (2008) suggested that social influence greatly impact the participation rate in the stock market. People will invest more if their neighbor, friends or relatives have invested in the market. They concluded that investment behavior of groups and of individuals are positively correlated. Madrian & Shea (2000) measure the saving attitude of the individuals and concluded on the basis of their findings that retirement plans are positively related to the social interaction. Social interactions assist the individuals to choose the best saving plan to secure their future.

Fluctuations in the stock market are caused due to the WOM communication because it is a key determinant that can lead the market either upward or downward (Shiller Robert, 2000). Study conducted by Kelly & Gráda (2000) reflected that social contagion is a main factor that causes the panics of banks during 1850s because bad news to the acquaintances was spread by WOM communication. Another study conducted by Hong et al. (2005) explored that main source of spreading information about stock is WOM from one place to another. They also indicated that investors greatly depend on their family and friends while making decisions of investment and the information about stock is circulated among them by WOM communication. It indicates that buying decisions of individuals and their neighbors are highly correlated. Hirshleifer (2001) conducted the study on the psychology of the investors. He concluded that the assets pricing is highly affected by the attitude of the investors in capital market. The findings of Shiller & Pound (1989) suggested that WOM communication play an important role in the stock purchasing decision. They targeted 131 investors and asked them the reason of purchasing stock. Majority of the investors replied they decided to purchase the stocks because of their family, friends and neighborhoods. A sufficient literature indicate that social influence play a substantial role in the purchasing behavior and in the judgment of a particular product and its quality (Cohen & Golden, 1972; Pincus & Waters, 1977). Communication hits the emotions of the individuals including investors and agents and cause the volatilities in stock market in the form of increasing or decreasing trend of market which may be beneficial for investors in some cases and vice versa (Cheng, 2014).

This study has tried to cover the gap by exploring the importance of WOM communication for stock investors. Although, some researchers have worked on WOM communication I financial context (Argan, 2011 & Argan et al., 2014) but we did not find any study relating to WOM communication in Pakistan. Shahzad et al. (2014) investigated the impact of religious and cultural values on the behavior of stock

investors of Pakistan but no work exists regarding WOM communication. This study investigates the impact of WOM communication on the behavior of investors along with service quality and expert information. It also contributes by measuring the importance and role of these concepts in the satisfaction of stock investors of Pakistan. This study provides realistic findings as stock market of Pakistan is an emerging market. It also examines the indirect effect of technical expertise and expert information through WOM communication. It is new study in Pakistan in all aspects in terms of measuring quality, importance of expert advice and communication for the investors. Moreover, it also measures the satisfaction and intention to invest in the stock on the basis of communication.

2 Literature Review

Words-of-mouth (WOM) communication is an emerging form of communication. It has become an important promotional tool since years. Words-of-mouth communication can be positive, it can be negative and neutral as well (E. W. Anderson, 1998). Positive WOM results in pleasant experiences while negative WOM results in unpleasant experiences. Many researchers have investigated the impact of word-of-mouth communication on the buying behavior of the consumers (Dorn & Huberman, 2005; File et al., 1994; Harrison-Walker, 2001; Murray, 1991; Nofsinger, 2001; Pincus & Waters, 1977; W. Glynn Mangold, Fred Miller, & Gary R. Brockway, 1999). Most of them focus on the impact of positive WOM while a few of them focuses on the impact of negative WOM. Both positive and negative WOM have their own pros and cons. Studies related to WOM communication can be found in marketing context. Some researchers have studied the impact of WOM communication in the context of service marketing and some have studied in the context of buying behavior of new product (Arndt, 1967).

2.1 Communication Skills

Arndt (1967) investigated the buying behavior resulted by conversation related to product as well as the nature of people having low-risk and high-risk. Advertising through WOM is considered a most powerful tool because the results of it are guaranteed. He found that people having more social interaction purchase the products more quickly as compared to the people living in isolation. The concept of WOM revolves around the phenomena of "If you'll buy, I'll buy." Crosby et al. (1990) investigated the impact of the characteristics of the person facilitating the trading (the communicator) which includes expertise and similarity to maintain the long-term connections with the customers. They conclude on the basis of the results that proficiency and similarity play a significant role in making the sales more effective but the expertise is found to be more significant as it affects the quality and contributes in maintaining longer relations. WOM is a concept that is often used in the context of marketing. Acquisition of information is of great importance because the very first stage in the process of decision making is to acquire the relevant information (Murray, 1991). File et al. (1994) conducted their study to investigate the impact of WOM communication on the businesses who buy the professional services. Ellison & Fudenberg (1995) investigated that WOM communication and societal learning have strong relationship. Learning is a never ending process and WOM is an important source of learning about society, individuals, brands as well as it helps in decision making. Hong et al. (2005) supports the concept that words-of-mouth communication plays an important role in trading and holding of stock. Momentum of holding and dealing with stock greatly depends upon the word-of-mouth information. Investors often repeat and copy the actions of their known investors. Research conducted by Knauer (1992) found that a satisfied customer share his experience of satisfaction with five persons, on average while it is expected that a dissatisfied customer share his experience with nine persons, on average. Study of Joseph J Cronin (1992) suggested that satisfaction is an important determinant that lead towards intention to purchase.

2.2 Technical Expertise

According to Woodside et al.(1990), quality of the services is an important determinant of satisfaction of the consumers of services. They concluded that service quality highly effect the satisfaction of the individuals. They also found that satisfaction play a moderating role in between the quality and intention it means that high satisfaction level will lead towards intention to use the services frequently and low satisfaction level will lead the consumers to find the alternatives. Study conducted by Joseph J Cronin(1992) measured the impact of service quality on the intention and satisfaction of the customers by adopting the questionnaire method. They concluded that satisfaction is highly effected by the service quality and satisfaction significantly affects the intention of the consumers as compared to service quality. They suggested that intention is affected by satisfaction but with no compromise on service quality. Satisfaction can be result of different attributes of a service e.g. price, availability and convenience but service quality should not be affected. Service quality plays an important role in any service organization. It is the first and foremost challenge for organizations to meet the perceptions and expectations of its clients. Service quality is an attribute that made the customers loyal.Study of Ugur Yavas et al.(2004) tried to explain the relationship of service quality and the outcomes of the behavior of banking customers. They concluded on the basis of the results that service quality is an important determinant of satisfaction of the customers. The study concluded that the outcome of satisfaction is positive WOM and female are more agile in this regard as compared to men. Satisfaction could be attained by meeting the expectations of the customers by providing them timely services and with the element of ease. Satisfaction is considered to be an important determinant as it prevents the customers from switching toward the alternatives.

2.3 Experimental Information

Experimental information referred to analyst's expert advice and meeting the customer's expectation because meeting the customer's expectations develop a sense of satisfaction in them (Argan et al., 2014). Their findings suggested that experimental information play an important role in the satisfaction of the investors as well as in the behavioral intention. Research conducted by Oliver(1977) helps to understand the role of expert advice. The sample of this study consisted of 243 students who experienced the automobile model newly introduced in the market. Their findings suggested that experienced information improve the perception of the quality and meeting the criteria specified for quality lead towards fulfillment of expectations and satisfaction. Wells et al.(1980) conducted an experimental research to measure the impact of expert advice on the performance of human. It was a psychological study and related to jurisdiction. They performed this study by including one hundred and ninety two persons as part of jury and then gave them advices of experts to decide whether the evidences are true and reliable. Their findings suggested that expert advice affect the human psychology. They concluded that when expert advice hit the intuitions of the individuals it compels them to change the criteria of decision making. It makes them more impressive decision makers and enables them to prevent themselves from dodge.

Following hypothesis and framework have been proposed on the basis of the literature studied.

H1: Technical expertise is positively related to stock recommenders' communication skills.

H2: Technical expertise is positively related to stock recommenders' experimental stock information.

H3: Communication skill is positively related to satisfaction and intention of the investors.

H4: Experimental stock information is positively related to satisfaction and intention of the investors.

H5: Technical expertise is positively related to satisfaction and intention of the investors.

H6: Communication skills play mediating role between technical expertise and satisfaction and intention of the investors.

H7: Technical expertise plays mediating role between technical expertise and satisfaction and intention of the investors.

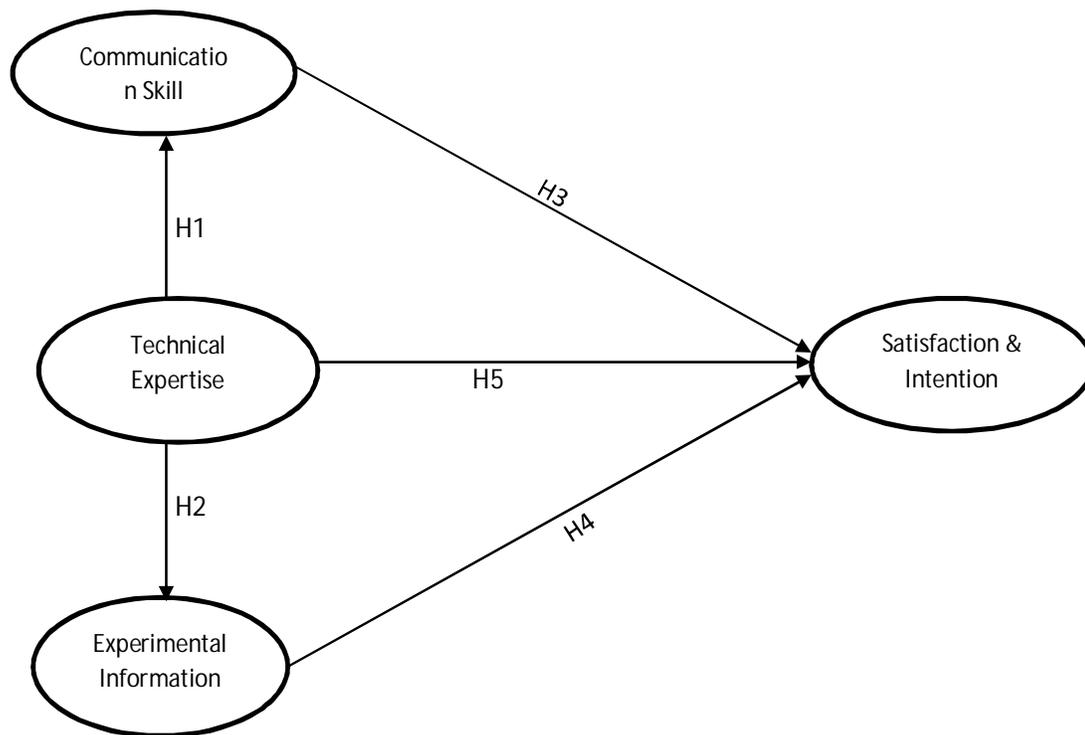


Figure 2-1 Theoretical Framework

3 Methodology

This study has followed the philosophy of positivism (Mackenzie & Knipe, 2006) along with deductive approach. Deductive approach is followed in quantitative study (M. N. Saunders et al. 2011). The study has followed cross-sectional research design because one time data has been collected by approaching different respondents (Bryman & Bell, 2011). Real time data was collected without manipulating the environment which represents non-contrive study setting. This study is quantitative so an instrument has been compiled from the previous literature for data collection to assure the reliability and consistency. Purposive sampling technique rather than convenience sampling and survey method has been followed to approach the targeted respondents because data has been collected from stock investors of Pakistan rather than general public.

3.1 Data collection method

Field research was conducted to collect the data from the respondents. Survey approach is considered as the best method to define the respondent's perception about the experience of a particular status quo they are engaged in (Babbie, 2010). For the purpose of data collection, an instrument was adopted from previous studies. We adapted the instrument from previous studies rather than constructing to ensure the content validity (Bohrnstedt, 1970) which was filled by the respondents who were stock investors through survey and online method. Evidence has been found from the study of Cowton (1998) that using the instrument which has been used by the previous researchers ensure the content validity of the instrument. Questionnaire subject to this study consisted of two sections. First section of the instrument was about demographic factors in which we asked gender, age, qualification, occupation, average monthly investment and the frequency of news analyzed per week for the purpose of stock trading. The second section was about the other constructs hypothesized to test the investment behavior of the investors of Pakistan. This section comprised of twenty statements including the constructs of WOM communication, experimental information, technical expertise

and satisfaction and intention to test the importance of these variables for stock investors. Sixteen items of independent variables were adapted from the literature of Anderson (1998) & Duhan et al.(1997). Five-point Likert scale was used to measure the importance of these statements indicating 1= least important and 5= very important. Dependent variables which include satisfaction and intention used in this study were also drawn from previous studies to maintain the reliability and generalizability of the construct. Two items of satisfaction were taken from the literature of Anderson & Srinivasan (2003), Crosby et al. (1990), Joseph J Cronin (1992), Maxham (2001), Ndubisi et al. (2008) & Zhu et al.(2002). Two items of purchase intention were adapted from the studies of Joseph J Cronin (1992), Maxham (2001) & Zhu et al.(2002). The scale of satisfaction and intention ranged from 1 to 5 in which 1= strongly disagree and 5= strongly agree. The instrument adapted has the characteristic of generalizability because the items included have been tested by many researchers. WOM communication is a concept of marketing so the items were also in the context of marketing. As this study belongs to the field of behavioral finance so all the items have been molded in the context of behavioral finance by Argan (2011) & Argan et al.(2014) to test the attitude of investors towards WOM communication. They conducted in-depth interviews and developed the construct in the context of stock market based on the previous studies.

3.2 Sampling

The sample of this study comprised of stock investors of Pakistan. This study has followed purposive sampling technique; a type of non-probability sampling and survey method to test the behavior of investors towards WOM communication. This study has followed purposive sampling; a type of non-probability sampling(Saunders et al., 2009) because the targeted population include stock investors rather than general public or real estate investors etc.

A total of 250 questionnaires were distributed among the investors out of which 217 were valid responses. Sample size was selected according to the method recommended by Kline(2011). Results showed that most of the respondents were male, valuing 88.9% while 11.1% were female. Most of the participants were from the age group of less than 30 years, valuing 46.1% while 34.1% respondents were from the age group of 31-45 years, 6.5% from 46-55 years and 13.4% were above 56 years. We asked the qualification of the participants as well in demographic section. The results indicated that 44.2% respondents have post-graduate degree, 39.2% have graduation degree while 8.8% and 7.8% have intermediate and metric degree respectively. These results showed that majority of our respondents are well qualified indicating that they have much knowledge about stock, investment opportunities and related news. Our respondents belong to the various professional groups including 23.5% traders, 26.7% managers, 15.2% self-employed, 8.3% retired, 5.5% students and 20.7% are associated with different professions having interest in the trading of stock. There were 20.3% respondents whose income was less than 25,000 Rs, 39.6% respondents with income level up to 50,000 Rs, 12.9% belong to the income group of 50,001-75,000 Rs, 13.8% having income level of 75,001-100,000Rs and the remaining 13.4% have income level of more than 100,000 Rs. Investment behavior of the respondents have been analyzed by asking their average monthly investment and the results indicate that 61.3% investors invest less than 50,000 Rs per month while 20.7% investors invest more than 150,000 Rs. As most of the investors belong from the mediocre income group so the ratio of amount invested is not sufficient. It also show that people of Pakistan have not aptitude of investment.

Talking about the WOM communication, 51.6% investors made their investment decision on the basis of the advices and information they receive while 48.4% investors made their decision without relying on such kind of information. Almost 52% investors rely on the information, they acquired advices of the experts

having knowledge of stock market while making decision of investment. In addition, 37.8% respondents spent less than 5 hours on the analysis and stock news, 20.7% spent 6-8 hours, and 13.8% spent 9-11 hours while 27.6 spent more than 12 hours.

Investor's profile revealed the fact that most of the investors were male as females don't take keen interest in investing their earnings. On the other hand, males actively take part in investing activities to save the portion of their earnings. The study found the aptitude of investment in youngsters and elders. As the youngsters start their career with low income so they start investing in profitable activities to improve their living standard and to increase their savings while elders invest to protect their after retirement life. Investors included in this study were from the diverse professional groups but most of them were business men and traders. Majority of the investors subject to his study were well-educated, they know how to use their money in a better way so they rely on the information and expert advices while making their investment decision. The results of the demographics revealed that people of Pakistan has strong aptitude of investment. They invest in different businesses so that they can earn reasonable profit and can ease their life.

3.3 Data analysis

For analysis of the data collected and testing the hypothesis, different software and tests are being used. In this study, IBM SPSS and IBM AMOS version 21 were used which are reliable tool of statistics. Calculation of descriptive statistics was done by using SPSS while model fit indices, confirmatory factor analysis (CFA), structural equation modeling (SEM) and mediation were tested through AMOS. According to Kline(2011), Structural Equation Modeling (SEM) is a multivariate and latest technique. Gefen et al. (2000) recommended to all the information system and behavioral sciences researchers, they must use SEM. We can analyze more than one independent, dependent, mediating and moderating variable which is not possible in case of regression so we used SEM technique. The study followed two steps procedures to run the SEM. In the first step, we performed CFA to test the discriminant and convergent validity (Hair, 2009). In the second step, we performed SEM for testing the hypothesis.

4 Results and Findings

SEM technique has been applied to draw the results as discussed in the previous chapter. Before moving towards Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM); a two-step procedure to perform SEM which has been recommended by J. C. Anderson & Gerbing (1988), we computed the mean, standard deviation and Cronbach's α for all the variables to test the internal consistency, reliability and normality of the data.

4.1 Descriptive statistics

Table 4-1 illustrated the descriptive statistics of each variable. Descriptive statistics show the pattern of the data which represents the meaningful summary of the sample.

Table 4-1 Descriptive Statistics

Variables	Mean	Standard Deviation	Cronbach's α value
Technical Expertise (TE)	3.795	0.979	0.885
Experimental Information (EI)	4.024	0.743	0.899
Communication Skill (CS)	3.737	0.780	0.883
Satisfaction Intention (S-I)	3.697	0.835	0.870

The mean value and standard deviation of all the variables was lying between 3.697 to 4.024 and 0.835 to 0.979 respectively. The value of standard deviation is greater than the threshold value which is 0.50 indicating that there is no issue of normality in the data. Cronbach's α is used to measure the reliability of the scale. The value of Cronbach's α ranged from 0.870 to 0.899 is greater than the threshold value which is 0.70 recommended by Cronbach(1951). Meeting the threshold value indicate the reliability and internal consistency of the all the items. Values of descriptive statistics indicated that there is no issue of normality and reliability in the data so we can rely on this data for further analysis to generate generalized results.

4.2 Measurement Model

After performing the descriptive statistics analysis by using IBM-SPSS, we moved towards IBM-AMOS version 21 to check the discriminant and convergent validity through CFA. We draw the variables of our study and their related constructs in AMOS and then linked the variables with their constructs. We then let all the variables to co-vary with each other freely. Afterward we run the CFA and calculated factors loading of each variable to measure their dimensionality, measurement model and psychometric properties. CFA is the most reliable measure of convergent and discriminant validity (O'Leary-Kelly & Vokurka, 1998). According to Fornell & Larcker(1981), convergent validity can be measured by following three steps; the value of factor loading for all the constructs should be greater than 0.70, composite reliability (CR) and average variance extracted (AVE) should be greater than 0.80 and 0.50 respectively for all the variables being studied. Table 4-2 indicated the factors loading of each variable of our study. All the items of our study are loading on their respective variables with the value of greater than 0.70, meeting the threshold criterion which means that all the items are converging on the corresponding construct.

Table 4-2: Factors Loading

Variables	No. of items	Factor Loadings
Technical Expertise (TE)	3	0.765, 0.884, 0.886
Experimental Information (EI)	7	0.709, 0.771, 0.805, 0.704, 0.760, 0.704, 0.719
Communication Skill (CS)	6	0.709, 0.733, 0.714, 0.818, 0.722, 0.740
Satisfaction Intention (S-I)	4	0.819, 0.703, 0.714, 0.794

After analyzing the factor loading of each variable, we moved towards fit indices of CFA model. There are some measures which indicates whether the model is fit for further analysis or not including Normed Chi-square which is obtained by dividing the Chi-square and Degrees of Freedom (CMIN/DF), Goodness of Fit Index (GFI), Adjusted Goodness of Fit Index (AGFI), Tucker Lewis Coefficient (TLI), Comparative Fit Index (CFI) and Root Mean Square Error of Application (RMSEA). According to Kline(2011) the threshold criteria of model fit indices is: Normed Chi-square < 3 (Chiu & Wang, 2008), GFI > 0.85, AGFI > 0.80, CFI > 0.95, TLI > 0.90 and RMSEA < 0.05.

According to the results of our measurement model Chi-square=470.409, DF = 164, Normed Chi-square= 2.868, GFI = 0.817, AGFI = 0.766, TLI = 0.876, CFI = 0.893, RMSEA = 0.093. Normed Chi-square is meeting the aforementioned criteria while the other measure are slightly below from the criteria but these are still acceptable (Bagozzi & Yi, 1988; Bove & Johnson, 2006; Hu & Bentler, 1999).

We followed the procedure of Fornell & Larcker (1981) to check the discriminant and convergent validity. Table 5-3 indicated the Psychometric properties. Composite Reliability (CR) and Average Variance Extracted (AVE) are greater than the recommended standard of 0.80 and 0.50 respectively. As AVE is

greater than 0.5 the recommended standard, indicating that every item is converging on its corresponding variable so there is no issue of convergent validity. In correlation matrix, the square root of AVE, which has been shown diagonally in bold case, is greater than the correlation of its corresponding items and the correlation of other variables indicating no discriminant validity.

Table 4-3 Psychometric Properties

Constructs	CR	AVE	SII	EII	CSS	TEE
S-I	0.879	0.649	0.806			
EI	0.901	0.566	0.643**	0.753		
CS	0.885	0.562	0.578**	0.591**	0.750	
TE	0.888	0.726	0.621**	0.689**	0.672**	0.852

The correlation matrix of Table 4-3 indicated that there is no issue of convergent and discriminant validity. Now we will move towards hypothesis testing via SEM because there is no discriminant and convergent validity issues.

4.3 Structural Model

We used SEM technique to test our proposed hypothesis. It is a multivariate and latest technique used by the researchers (Kline, 2011). To test the hypothesis, we converted the measurement model into our proposed model and draw all the paths to show the casual relationship which we proposed in our study. After that we let all the variables to covariate freely with one another. Then we run the model and calculated the model fit indices and regression weights. The results of the model fit are Chi-square=360.568, DF = 159, Normed Chi-square= 2.268, GFI = 0.862, AGFI = 0.818, TLI = 0.916, CFI = 0.930, RMSEA = 0.077. The results of this measurement model are meeting the criteria proposed by Kline(2011) which we elaborate in the section of CFA. All the values are meeting the threshold value except RMSEA, it is slightly greater than 0.05 but it is acceptable and satisfactory so we can move towards evaluating causal relationships which we have drawn in the structural model. Table 4-4 has shown the regression weights for the structural model supported by AMOS software. To test the hypothesis, we calculated unstandardized β , Standardized β , Standard Errors (S.E.), Critical Ratios (C.R.) and p values for the entire path drawn in our structured model. The results of the model are supporting our hypothesis H1 and H2. On the basis of these results, we deduce that technical expertise has significant impact on the communication skills of recommenders (Unstandardized β = 0.468, Standardized β = 0.688, $p < 0.001$) and on experimental information as well (Unstandardized β = 0.488, Standardized β = 0.704, $p < 0.001$). The results showed that communication skills (Unstandardized β = 0.284, Standardized β = 0.213, $p < 0.05$) and experimental information (Unstandardized β = 0.471, Standardized β = 0.360, $p < 0.001$) of the recommenders is positively related to the satisfaction and intention of the stock investors.

Table 4-4: Regression Weights

Relationships	Unstandardized β	Standardized β	S.E.	C.R.	P
TE \rightarrow CS	0.468	0.688	0.056	8.414	*
TE \rightarrow EI	0.488	0.704	0.056	8.772	*
TE \rightarrow S-I	0.212	0.234	0.090	2.124	*
EI \rightarrow S-I	0.471	0.360	0.118	3.989	*
CS \rightarrow S-I	0.284	0.213	0.115	2.467	*

Note: ***Coefficient is significant at level 0.001, **Coefficient is significant at level 0.01
 *Coefficient is significant at level 0.05.

These results are supporting our hypothesis H3 and H4. Similarly, the results of the model supported the hypothesis H5 and showed that technical expertise have significant positive impact on the satisfaction and intention of the investors (Unstandardized $\beta = 0.212$, Standardized $\beta = 0.234$, $p < 0.05$). In short, the entire hypotheses are supported by the results and have significant impact on the satisfaction and intention of the stock investors.

Table 4-4 has shown the direct impact of independent variables on dependent variable and related hypothesis, now we will check the variables having indirect impact on the dependent variables. The variable which transfers the influence of the predictor to the criterion variable is termed as mediating variable. The role of mediating variables is to transmit the influence to the outcome variable (James & Brett, 1984). We tested the hypothesis of mediation by following the four step procedure with indirect effect based on the approaches of mediation testing of Baron & Kenny (1986), James & Brett (1984) & Judd & Kenny(1981). Mediation is of two types; full mediation and partial mediation. Full mediation will happen when all the indirect paths would be significant except direct path. It means that when the impact of independent to mediator, mediator to independent and independent to dependent through mediator would be significant whilst the direct impact of independent on dependent variable would be insignificant then there will be full mediation. Partial mediation will prove when all the paths including direct and indirect would be significant. In another case, if any of the path from indirect paths would be insignificant then there will be no mediation. Table 4-5 and table 4-6 have shown the results of direct and indirect effects respectively which are related to the mediation testing. Table 4-5 indicated the mediating relationships, Unstandardized β , Standardized β and p-value whilst table 4-6 indicated the mediating relationships, Unstandardized β , Standardized β , p-value, Lower Bias-corrected Confidence Interval (Lower BCCI) and Upper Bias-corrected Confidence Interval (Upper BCCI).

Table 4-5: Direct effects

Relationships	Unstandardized β	Standardized β	P
TE \rightarrow CS	.468	.688	***
TE \rightarrow EI	.488	.704	***
TE \rightarrow S-I	.212	.234	*
CS \rightarrow S-I	.284	.213	*
EI \rightarrow S-I	.471	.360	***

Note: ***Coefficient is significant at level 0.001, **Coefficient is significant at level 0.01
 *Coefficient is significant at level 0.05.

Table 4-6: Indirect Effects

Relationships	Unstandardized β	Standardized β	P	BCCI	
				Lower	Upper
TE \rightarrow CS \rightarrow SI	.146	.160	*	.052	.237
TE \rightarrow EI \rightarrow S-I	.240	.151	***	.137	.350

Note: ***Coefficient is significant at level 0.001, **Coefficient is significant at level 0.01
 *Coefficient is significant at level 0.05.

Two mediating path has been identified in this study. These results of the first mediating path indicated that communication skills had partially mediated the relationship of technical expertise and satisfaction and intention of the stock investors as technical expertise had significant direct impact on communication skills (Unstandardized $\beta = 0.468$, Standardized $\beta = 0.688$, $p < 0.001$) and communication skills had direct significant impact on satisfaction and intention of the stock investors (Unstandardized $\beta = 0.284$, Standardized $\beta = 0.213$, $p < 0.05$).

Similarly, technical expertise has shown significant indirect impact on the satisfaction and intention of the stock investors through communication skills (Unstandardized $\beta = 0.146$, Standardized $\beta = 0.160$, $p < 0.05$, Lower BCCI = 0.052, Upper BCCI = 0.237). These results are supporting our proposed hypothesis of H6.

The results of the second mediating path provide evidence that satisfaction and intention of the stock investors is significantly affected by technical expertise through experimental information, as technical expertise had significant direct impact on experimental information (Unstandardized $\beta = 0.488$, Standardized $\beta = 0.704$, $p < 0.001$) and experimental information had direct significant impact on satisfaction and intention of the stock investors (Unstandardized $\beta = 0.471$, Standardized $\beta = 0.360$, $p < 0.05$). Similarly, technical expertise has shown significant indirect impact on the satisfaction and intention of the stock investors through technical expertise (Unstandardized $\beta = 0.240$, Standardized $\beta = 0.151$, $p < 0.001$, Lower BCCI = 0.137, Upper BCCI = 0.350). These results are supporting our proposed hypothesis of H7. The direct path comprising of technical expertise and satisfaction and intention of the stock investors had witnessed significant relationship (Unstandardized $\beta = 0.212$, Standardized $\beta = 0.234$, $p < 0.05$). The results indicated that all the paths including direct and indirect are significant, which is the condition of partial mediation so we can deduce from the results that communication skills and experimental information play a mediating role between technical expertise and satisfaction and intention of the stock investors.

5 Conclusion

The purpose of this study was to investigate the determinants of stock trading and to answer the question whether the WOM communication plays an important role in stock trading and holding. Many studies related to the investor's investment decisions have been found. On the basis of these studies, we found that social contact and neighbors significantly affect the decision making behavior of the investors. On the basis of the results calculated, we concluded that all the variables indicating the direct relationship between independent and dependent variables H1 to H5 were significant. All the results of our findings are consistent and compatible with previous studies (Argan, 2011; Argan et al., 2014) except one relationship. It can be due to different cultural aspect as recommended by Argan et al.(2014). Likewise, indirect relationships between technical expertise and satisfaction and intention were tested. The results of the study found this relationship significant; this is the contribution to the literature by the researcher as the mediating relationship of these variables has not been tested before by any of the researcher.

Like many other studies, this study has also some limitations. This study was conducted in the cross-sectional setting due to time and cost constraints. Moreover, mono method research has been carried out to address the problem being studied.

The verdicts of this research will be productive for academics by enabling the students to understand the behavior of investors and investment related activities. This study will be beneficial for business sector as well and will help the corporate sector to formulate strategies to compete in the challenging environment.

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