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A Critical Review on Students' Decision in Selecting Private University

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Abstract: Educational factor is always an essence in developing and changing our society. Education invites reconstruction of people's mindset which also the source of their growth. People's enthusiasm and demand toward education will never cease to exist as long as change is needed. Answering this kind of demand, a number of private universities growing up in every city. Thus, the competition on educational sector become highly competitive situation. Each university have to offer something more in order to reach their customers, especially students. This study aimed to evaluate the factors which affect student's decision making process while selecting an university as their future place to study, specifically in Medan, North Sumatera, Indonesia. There were 295 sophormores from private universities participated in this study. The Data were analyzed using Structural Equation Model-Partial Least Squares. SmartPLS 3.0 was used to help analyzing the data. The study showed that universities' marketing mix, their goodwill and image on society, also society's trust toward the universities had an important role to shape student's behavior to choose a private university. In addition, relational partnership from the universitiescan not enhance students' behavior on selecting the universities. In fact, students or major society rarely gave their attention toward the partnership programs.

Keywords: Purchasing Decision, Service Marketing Mix, Trust, Goodwill and Private University.

1. INTRODUCTION

Our current society is shaped by change. Technically, rapid change in technology shaped people's society. The turbulence forced human to adapt (Pargaru*et al.*, 2009). Therefore, everyone required an adequate level of educational attainment to survive well in the current situation. Those who is able to manster the knowledge, science, and technology may adept better than those who is not able to. Our current and even future society will never be separated from education. Education always play major rule in order to cultivate

and nurture people's knowledge. Therefore, education is one of fundamental factor to fight for change and survive the society.

People's need for education will never be ceased to exist. As long as there are people who need to be educated there will always be an educational institution to attend. This situation invited many of private sectors to reach the educational business. Nowadays, we can find for at least 23 registered private universities in Medan, North Sumatera, Indonesia. Based on *Kopertis* (a Private Universities Coordinator), these numbers increased gradually from past five years. Positively, we may conclude that there is an increased number of educational institution which invites growth for education itself. However, on the other hand, these increase in number may refer to an increase level of diversity while delivering the educational services. There should be more hardship while standardizing educational services as whole. Lastly, there should be a fiercer competition toward educational services. Students may face a load off option to continue their study on university level. Good thing, they can compare better. However, it may confuse the student on comparing one university to others. Thus, the competition to acquire another students for each university become harsher.

Marketing mix hold an important role to shape and influencing students' decision making process to select their future university (Satit *et al.*, 2010). Practically, universities's marketing mix help to development development image and goodwill. It also shape people's trust toward the universities. In term of services, a service quality is always important to shape influence student or customer's preferences (Parasuraman *et al.*, 1998). Services quality is part of marketing mix in form of *product*. On a very high competitive market, each additional value for one university may lead to a better opportunity to the university. Thus, each university may do everything they can to push people's preference to join their product, to continue their study with the given universities.

This study aimed to evaluate the influencing factors that shaped students' decision making behavior while selecting a private university to continue their study. In addition, this study aimed to evaluate the effect of relationship and partnership program from the university. On one side, the partnership was part of each institutional dedication to education. But on the other side, the program may help to enhance their chance to be selected by students.

2. LITERATURE REVIEW

2.1. Services' Marketing Mix

Universities deliver their product in form of services. As service prodvider, universities produced an intangible product. One of main characteristic of services was they were consumed while delivered. This unique characteristics expand services' marketing mix, from 4P to 7P. Booms and Bitner (1981) explained 7P on services context as follow:

- a) Product, refer to the form of services which will be provided to the customer.
- b) Price, refer to a sacrifice needed from the customer to be paid off in order to consumen the services
- c) Promotion, refer to how service provider communicate their product in order to gain customer's attention.

- d) Place, also called distribution, refer to how service provider deliver the product to their customer
- e) People, refer to human resource or human factor which directly execute or deliver the services
- f) Process,refer to service delivering procedure and its mechanism how to deliver the service to the customer.
- g) Physical evidence, refer to physical environment which support the service delivering process as while. Physical evidence enhance service delivering process.

2.2. Image and Goodwill

Kotlerdan Keller (2012) defined corporate image as a set of belief, idea, and impression toward corporation. University images, on this context, refer to society or people's impression toward the university itself. Goodwill shares a similar concept to corporate image. Image and goodwill shaped dynamically based on people's perceived information given from the object. Therefore, the image may formed positively or negatively based on how the information were given from the university and received by the society.

University image, on students' point of view, reflecting the performance and hope given by the university. These factors were formed mainly based on their shared information or direct consumption to the services provided by the university. Interpersonal relationship between student or other people play major role to shape somebody's impression toward the university. Word of Mouth strategy greatly affect how people's impression formed. Polat and Tuqba (2011) defined an university image and goodwill on four form, which were: service quality, the facilities and infrastructures, department quality, and social image.

2.3. Trust

Luarndan Lin (2006) stated that trust is always the key to success for each kind of business. Based on this statement, trust has three different fuction. Firstly, trust act as investation to hold relationship from both parties. Secondly, trust hold a short term-alternative from one party in compare with long-term benefit from both parties. Lastly, trust control how other party react and responsible on their act. Trust create a belief that each parties will not opportunically sacrifice other party.

Trust can be formed if at least one party feel the security and confidence from other party's integrity and capability. Trust showed that their belief and confidence related to their capability based on their consistency, honesty, fairness, responsibility, helpful, and friendly relationship. On educational services context, a trust may be sourced from university's honesty, integrity, including how consistent their services given to the society point of view.

2.4. Partnership Program

Every university have an adequate qualified human assets from various educational background. Many of them also supported by a capable facilities and infrastructures which helped to dedicate themselves to serve and improve society. There were three main partnership form, educating, researching, and developing society. These partnership program often called as *TridharmaPendidikan*. *Tridharma Pendidikan* contribute to society. However, the partnership program is not always limited to academic field, but also non-academic field.

Many universities carried out the partnership program internally, in form of mutualism relationship between universities society, or externally, in form of mutualism relationship between universities and professional world. As we stated before, partnership program related to any educational institution obligation to carry out *TridharmaPendidikan*. Practically, the partnership program benefit both parties in long term.

2.5. Student's Selection Making Process

Kotlerdan Keller (2012) stated that a decision making behavior is related to how each individudirecly make a decision on how to acquire and use the product given to them. Consumer's decision making process is a study of consumer behavior. A decision which was taken from student while selecting their future university is part of consumer behavior. Therefore, understanding student's behavior may lead to a better understanding on students' decision making process. Students' decision making process influenced by many factors, externally and internally (Gusnardi *et al*, 2016). Some of external factors related to their culture, family, friends, even the society. Some internal factors related to their self-perception, self-value, belief, even their preference of study. For the university, learning how students behave can lead the students to learn at the given university, that is business for the university. On a highly competitive market, each university should handle these factors well in order to reach customer or student's favor.

3. THEORETICAL FRAMEWORKS AND HYPOTHESIS BUILDING

Our research used three independent variables which suggested influencing student's decision making process (Y), which were marketing mix (X_1) , university's image (X_2) , and society's trust toward the university (X_3) . In addition our research used a moderating variable called partnership (Z) which may enhance the relation between dependent and independent variables. Our framework was suggested as shown in Figure 1.

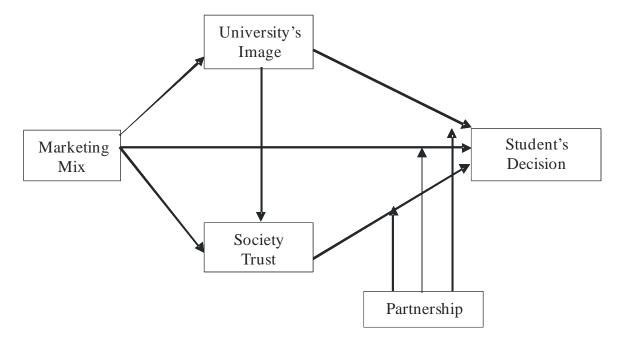


Figure 1: Theoretical Framework

BinsardidanEkwolugo (2003) showed that marketing mix, especially on service industries, hold an important role to attract customers. On our research, customers refer to students. Marketing mix may attract students to choose their future university. Therefore,

H₁: Marketing mix positively and significantly affect student's decision

Kotlerdan Keller (2012) stated that marketing mix could be referred as creation tactic. Marketing mix may create a well-differentiation tactics for contents, contexts, even the infrastuctures. Thus,

H-,: Marketing mix positively and significantly affect university's images

Trust can only be reached if at least one party felt the security and confidence toward other party's integrity and capability. Hurriyati (2008) stated that if marketing mix effectively reach their target, society's point of view to the service provider will be upgraded. They will become more trustfull to the service provider. Thus,

H-3: Marketing mix positively and significantly affect society's trust

Gunnar (2009) explained that trust, on business interaction play major role to secure consumens' preferences toward the service provider. On this context, a student's decision will be created when they hold a belief or trust the university. Thus,

H-4: Trust positively and significantly affect student's decision

Longdan Li (2009) showed that corporate images and goodwill develop people's trust toward the corporation. A well-known corporate will be more likely trusted in the society. Therefore,

H-5: University's image positively and significantly affect society's trust

Leon *et al.*, (2007) empirically showed that corporate images affect customers' decision making process. People will be easier to pick product from well-know organization than the less one. Therefore,

H-_c: University's image positively and significantly affect student's decision

Partnerships which were conducted from the unviersity may develop people's pont of view toward the university. The essence of partnership program which conducted both internally or externally may enhance factors that influence students' behavior in decision making process. Therefore,

H-72: Partnership significantly enhance the effect of marketing mix on students' decision

H-76: Partnership significantly enhance the effect of university's image on students' decision

H-7c: Partnership significantly enhance the effect of society trust on students' decision

4. RESEARCH METHOD

4.1. Location and Research Period

Our research was conducted on private universities around Medan, North Sumatera, Indonesia. The research was conducted from February 2016 to April 2016. We focused on private university due to a high tendency that people will choose the state-owned universities than the private one. There is a belief that state-owned universities will lead and give a better performance. They also cheaper and more reputable. In order to avoid misperception, we exclude state-owned universities from our research.

4.2. Population and Sample

Our population of this research were private universities' students on their 2nd semester. We focused on 2nd semester students in order to reach our research objectives, that is evaluate their decision making behavior which ended up selecting their current university. Second semester definitely a good selection as they were just begin their study in the given university. We could not administer the first semester due to time restriction. As we used the structural equation model, the number of sample for this study was taken under adequate sample criterion. The given criterion suggest that our number of sample was at least 5 times of research indicators. Thus, we used 295 2nd semester students across private universities in Medan. Sample were taken proportionally from each university based on their number of registered students. We also use accidental sampling while selecting the sample.

4.3. Data Collecting Method

Data were collected by using self-administered questionnaires. We interacted directly with our respondents in order to avoid misperception between respodents and questionnaires. The questionnaires were constructed based on literatur review for each variables. Before collecting the actual data, our instrument were tested using validity and reliability phase. We used 5-point Likert Scale (Dharsuky, 2015 and Muda, *et al.* 2016) and as we measured students' perception, their level of agreement for each variables and indicators given.

4.4. Analysis Method

The data were analyzed inferentially to evaluate relationship between our variables. Hypothesis testing were conducted by using test for significance. Our structural equation model were evaluated by using partial least squares—second order method. We used the PLS method to evaluate deeply for each variables. On our research, we used Smart PLS 3.0 (Ringle et al., 2015).

5. RESULT AND DISCUSSION

5.1. Respondent's Charactersitics

We studied the students' characteristics in order to understand the given characteristics of soon-to-be university students of many private university in Medan. In general, we classified our respondents based on their gender, their highschool, and their domicile. Based on our research, we found that there were more female students than male one. The ratio between male to female students were nearly 1:2.

In Indonesia, there are three different kind of highschool, *SekolahMenengahAtas (SMA)*, which refer to general highschool; *SekolahMenengahKejuruan (SMK)*, which refer to a specified highschool which develop more practical skill than conceptual skill, and *Madrasah Aliyah (MA)*, which refer to a more religious highschool. According to our research 72% of our students continued their study from SMA. Another 24% came from SMK and the rest 4% from MA. In general, there are more SMA high school than the others. Thus our findings showed that more SMA students continued their school to university level. As we talk about their domicile, 51% of our students were from Medan. Another 38% came from outside Medan, but still within North Sumatera. Only 11% of students came from outside North Sumatera. Thus, we may conclude that students at private university in Medan popular only within the North Sumatera.

5.2. Partial Least Squares Analysis

The structural model we used to evaluate relationship between research variable need to fulfill their validity and reliability model. The valid and reliable model can be generalized for our research. Validity model was conducted using by evaluating their cross-loading, and their average variance extraction (AVE). Reliability model was conducted after validity requirement fulfilled. We used composite reliability model to evaluate reliability model. Validity and reliability result showed:

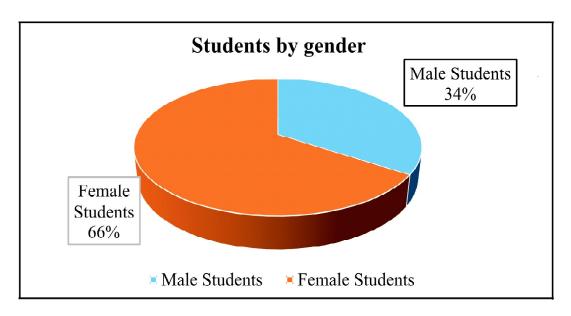


Figure 1: Respondends' Characteristics :Students' composition by gender

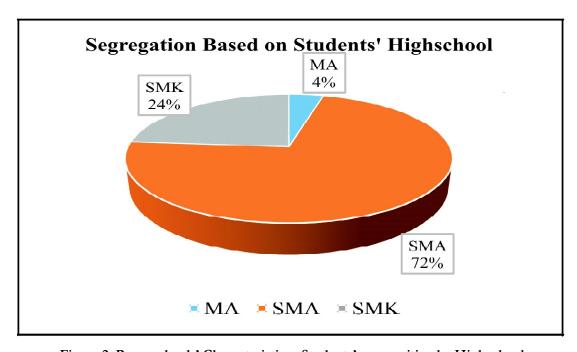


Figure 2: Respondends' Characteristics : Students' composition by Highschool

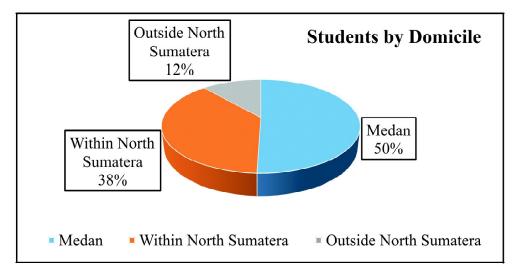


Figure 3: Respondends' Characteristics: Students' composition by domicile

Table 1 Validity and Reliability Model

	University Image	Partnership	Marketing Mix	Decision	Trust
X11	0.357	-0.193	0.555	0.291	0.416
X12	0.351	-0.153	0.653	0.354	0.399
X13	0.485	-0.149	0.740	0.381	0.554
X14	0.494	-0.119	0.762	0.469	0.557
X15	0.547	-0.191	0.770	0.458	0.612
X16	0.619	-0.238	0.851	0.466	0.655
X17	0.724	-0.223	0.823	0.493	0.724
X21	0.835	-0.163	0.640	0.476	0.692
X22	0.812	-0.194	0.582	0.385	0.616
X23	0.804	-0.154	0.513	0.429	0.631
X31	0.644	-0.288	0.603	0.602	0.826
X32	0.610	-0.231	0.638	0.518	0.849
X33	0.722	-0.207	0.711	0.526	0.862
X34	0.695	-0.203	0.650	0.517	0.837
Y11	0.460	-0.230	0.501	0.895	0.537
Y12	0.496	-0.194	0.529	0.917	0.621
Z 11	-0.168	0.938	-0.230	-0.225	-0.241
Z 12	-0.222	0.927	-0.228	-0.208	-0.273

Sources: Output ofSmart PLS 3.0 (2016).

Table 2
Average Variance Extracted (AVE) and Composite Reliability

	Average Variance Extracted (AVE)	Composite Reliability
University Image	0.667	0.858
Partnership	0.869	0.930
Marketing Mix	0.551	0.894
Decision	0.821	0.902
Trust	0.712	0.908

Sources: Output ofSmart PLS 3.0 (2016).

The relationship between research variable were evaluated through their *total path coefficient*on final modelshowed:

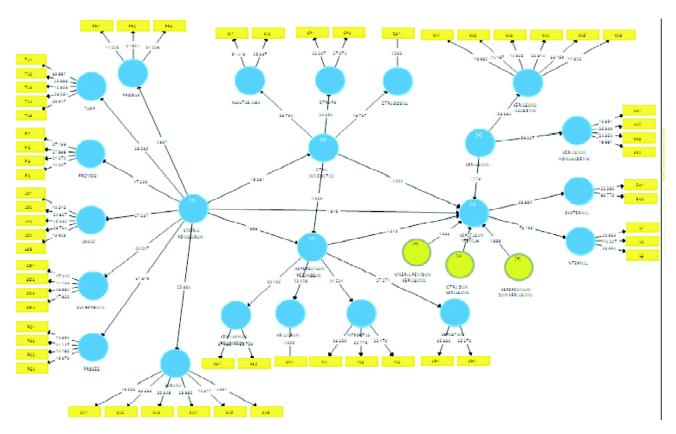


Figure 4: Full Model

Sources: Output of Smart PLS 3.0 (2016).

The test for significance level used for this research is 5%. The relationship between research variables and hypothesis testing were summarized on Table 3.

The final research model showed that 42.5% variance of students' decision on selecting their university can be explained through our research variables (Adjusted R-squared = 0.425). In general, each variables positively and significantly stimulate student's decision making process. In addition, our research showed that marketing mix positivelya and significantly affect people trust and building university's goodwill and image benath people's mind. Goodwill and image also contributing in building people's trust toward university's services. However, there was not enough evidence to state that the partnership program enhance the effect in stimulating student's decision making process.

On marketing concept, marketing's main goal is to create demand for product, goods or services. Marketing mix formulated to reach marketing's goal. In university, the service marketing mix usually formulated to create demand, to attract students continuing their study on the given university. Service marketing mix consisted on 7P; that is product, price, promotion, place, people, process, dan physical evidence. Service marketing mix on university services context including the product, price, promotion, location, human factor, service delivery procedure, and physical evidence of university services. The second

Tabe 13				
Path Coefficient and Hypothesis Testing				

Hypothesis	Independent Variable	==>	Dependent Variable	Moderator Variable	Path Coefficient	Conclusion
H ₁	Marketing Mix	==>	Students' Decision	-	0.531*	Hypothesis Accepted
H_2	Marketing Mix	==>	University Image	-	0.717*	Hypothesis Accepted
H_3	Marketing Mix	==>	Society Trust	-	0.768*	Hypothesis Accepted
H_4	Society Trust	==>	Students' Decision	-	0.517*	Hypothesis Accepted
H_{5}	University Image	==>	Society Trust	-	0.498*	Hypothesis Accepted
H_6	University Image	==>	Students' Decision	-	0.258*	Hypothesis Accepted
H_{7a}	Marketing Mix	==>	Students' Decision	Partnership Program	0.002	Hypothesis Rejected
H_{7b}	University Image	==>	Students' Decision	Partnership Program	-0.073	Hypothesis Rejected
H_{7c}	Society Trust	==>	Students' Decision	Partnership Program	0.123	Hypothesis Rejected

^{*}Significant at level 5%.

Source: Output of Smart PLS 3.0 (2016).

order analysis showed that in order to stimulate students' decision making process, each university should be more focused on their service delivery and physical evidence. Students rarely evaluate the unviersity's main product. Our findings support the previous study (Yusop, 2015; Satit, *et al.*,2010) which showed that marketing mix had a positive and significant effect on people decision making process. Thus, our research remind people on how important formulating the service marketing mix on each university.

The university's 7P directly affect university's image and goodwill on society's point of view. As the universities apllied their marketing mix, they will introduce all side of university to public. Marketing mix showed the university's side that people need to know. In retalion, people will generate their perception toward the university. Thus, the marketing mix will generate the university images. Our result support the previous study (Hosenni and Moezzi, 2015) which stated that marketing mix positively and significantly affect corporate images, on this context, university images.

Marketing mix may stimulate people's expectation toward the given services. This expectation will be exercised during their service encounter or service consumption. We talked about the concept of consumer satisfaction. Customer will be dissatisfied if their expectation do not meet their perceived service on service consumption. Each institution have to ensure that their customer satisfied with their services. People tend to grow trust toward service provider as they satisfied or even delighted on their services. Therefore, a good marketing mix may improve society trust toward the university.

Goodwill or image of a university reflected on how people perceived toward the university. People may evaluate the image based on their service quality, their department performace, even their university as whole. Thus, a good image of a university reflect a good quality on people's mind. As they perceive it better, they start to nurture their belief toward the university. Students hand over their growth to the university through its learning process. A goodwill may increase students' trust toward the service provided by the university. Students usually believed that a reputable university will help them better to reach their goal in life. The goodwill and image will nurture student and people trust. Our findings support the previous study which conducted Zhang (2015).

Partnership program, on this research, was evaluated both in form of academic and non-academic. PLS analysis indicated that there is not enough evidence to state that partnership program had a significant effect on each independent variables. Students usually do not understand well about the partnership program from their university. This indicated that the partnership program was not perceived well on students.

6. CONCLUSION AND RECCOMENDATION

6.1. Conclusion

On university service marketing concept, marketing mix played a major role in stimulating students' final decision while selecting their future university. The better marketing mix performance, students will be more likely to select the university, especially on private university in Medan. Marketing mix also played important role in generating university's image and people trust toward the university. These findings showed that if we fail at formulating the marketing mix well, there will be long consequencies to the university, including losing their potential students. Therefore, we suggest that each unviersities formulated their marketing mix on long term point of view, even if it is costly. People start to be more and more smart on evaluating university promoting program.

Partnership program, which usually held to fulfill university's obligation as in *Tridharma*, indicated that it will not significantly stimulate students' final decision making process. We found that in form of academic or non-academic, university's partnership programs still were less likely to be perceived or even noticed by students and public. This finding generated two option. Firstly, we have to be more active to elaborate the partnership program in public. Secondly, we leave partnership program as it should be, but it will not help to stimulate students' decision.

6.2. Reccomendation

This research was focused on private university in Medan. Therefore, our findings should not be generalized on every university, especially the state-owned university. We believe that the attractiveness of state-owned university is far different from the private university. We suggest that the future research will expand this research by focusing on state-owned university. We may be able to compare and compement each other.

Partnership program, on this research showed that there is no significant moderating effect for each variable. We did not evaluate the direct relationship as independent variable that affect students' decision. In addition, there is a sign that people rarely paid attention to these partnership program. However, *Tridharma*, in form of partnership program is considered as obligation for each educational institution. This findings may be an interesting topic for the future research.

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