Indonesian students’ perceptions of choice criteria in the selection of a tertiary institution: strategic implications

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Introduction and background
Over the past several years reforms in higher education have been taking place in several countries around the world. In Australia, the 1998 West Review into higher education proposed a market-based model of funding which means that funding follows student demand. Proposals such as this have urged educational institutions to adopt a marketing orientation which was not present in this sector before. In an effort to attract more students, educational institutions from several countries including Australia, New Zealand, the USA and Canada have pursued a market development strategy by marketing their courses overseas. Figures show that the main markets for higher education are Malaysia, Singapore, Hong Kong and Indonesia, followed by India, Japan and Taiwan (Maslen, 1998a). However, the latest crash of the Asian stock markets could pose a threat to the continuing patronage of students from that part of the world. In Australia, the number of students visas being issued in some Asian countries has decreased by 45 per cent (Maslen, 1998b), and, more specifically, an 80 per cent drop on visas issued to Malaysian students (Illing, 1998). Hence, it could be argued that Asian students are becoming more discerning customers, demanding better value for their money and that they are also becoming more selective in choosing an educational institution.

Because of all these environmental factors facing educational institutions, they need to develop strategic options that will be responsive to the changes facing this sector. One of the steps in generating strategic options is customer analysis, which examines customer segmentation, motivations, and unmet needs. The knowledge of what is important to customers can provide insights into what assets and skills are needed to compete and can form the bases of sustainable competitive advantages (Griffin and Hauser, 1993).

Taking the above into consideration, this research has focused on identification of the choice criteria Indonesian students consider important when choosing an educational institution.

Important attributes in the choice of a tertiary institution
The issue of tertiary institution choice criteria has been widely researched (Baird, 1967; Bowers and Pugh, 1972; Murphy, 1981; Hossler, 1985; Webb, 1993; Joseph and Joseph, 1998) with varied results. In 1981, David Chapman developed a Model of Student College Choice which identified the three major external influences:

1. Significant persons: friends, parents, and high school personnel.
2. Fixed college characteristics: cost (financial aid), location, availability of programme.
3. College efforts to communicate with students: written information, campus visits and admissions/recruitment (Chapman, 1981).

Several other studies have addressed the issue of students’ choice criteria and have identified several determinants. Baird (1967) concluded that good faculty, high academic standards and special programmes were what students were looking for. Bowers and Pugh (1972) identified good faculty and high standards as most important factors, while Chapman (1979) identified quality of the institution and cost as the most important elements. Murphy (1981) recognized academic reputation and cost as the determinants of college choice and Maguire and Lay (1981) named financial aid, peer influence, special programmes, size of the
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institution, location, athletic facilities and social activities as the most important factors in choosing an educational institution. Discenza et al. (1985) and Hossler (1985) named academic reputation, peer influence, financial assistance, and location as the most important factors. Joseph and Joseph (1998) identified academic and programme issues, cost of education, location and recreation facilities and peer and family influences as four of the most important factors that influence students’ choice of tertiary institution.

Researchers including Litten (1980), Seneca and Taussig (1987) and Tierney (1983) have found that academically talented students are looking for different attributes when compared with average students. The former evaluate an institution based on the quality of their programmes while the latter, in addition to good programmes, are also interested in factors like physical appearance and social life. Joseph and Joseph (1998) found that male potential students give more importance to both the academic value of education and the social life available on campus than their female counterparts. This illustrates the scope for segmenting the market and approaching the recruitment of the distinct segments with tailor-made strategies.

Studies that look at the variables that influence business students’ selection of tertiary institution (Houston, 1979; Krone et al., 1983; Webb, 1993; Joseph and Joseph, 1998) point towards a wide range of choice criteria. The criteria that seem to be most important are programme-related issues such as flexibility and length of the programme, and reputation/prestige related issues. Cost-related issues seem to have more importance as years go by. Houston (1979) found they were at the bottom of the scale, while in Webb (1993) and Joseph et al. (1998) they are one of the most important elements.

The vast majority of studies dealing with choice criteria have used a US sample and some, such as Joseph and Joseph (1998), a New Zealand one. It could be argued that there is very little cultural distance between these samples; however, the purpose of this study is to extend the literature on choice criteria in higher education from a different cultural framework – namely Indonesia.

**Methodology**

The first stage in the process involved an assessment of the appropriateness of the New Zealand university model in an Indonesian setting. This was deemed important as the model was initially developed for the New Zealand educational environment (Joseph and Joseph, 1998). A first step in this stage involved a series of focus groups using overseas high school students attending school in New Zealand, to assess the appropriateness of the evaluation attributes found in the New Zealand study. The results of the focus groups indicated that these attributes were for an Indonesian student sample. The next step in this stage was to assess the nomological validity of the model (through the use of factor analysis), and the discriminant validity of the model (through an examination of the rotated factor scores across all of the identified factors). The questionnaire contained three sections:

1. the potential students’ perceptions of an excellent tertiary institution;
2. the ranking of the most important attributes;
3. a series of demographic information on the participants.

The 17 items of the questionnaire had response categories of 1 – strongly disagree, 2 – disagree, 3 – undecided, 4 – agree and 5 – strongly agree.

The second stage involved surveying a random sample of 200 students in the central part of Indonesia. Local high schools were randomly selected and contacted to participate in this study. The students surveyed all expressed an interest in higher education at an overseas university. Of questionnaires returned 110 were usable giving a response rate of 55 per cent. Male/female breakdown is as follows: 80 males and 30 females.

**Results**

The summary of means (Table I) shows that students placed a high degree of importance on all items in the five dimensions. All items had a mean score of above 3.6 except for one item “Peer and family influences” (2.99).

The comparison of means between males and females (Table II) did not reveal any significant differences except for two items “Reasonable entry requirements” and “Information provided to choose area of study”. This shows that females place more importance in these items than their male counterparts.

Respondents were also asked to rank the different dimensions in order of importance (Table III). The rank order shows that 58.9 per cent of the respondents indicated “Course and career information” as the most important dimension followed by “Physical aspects and facilities”, “Cost of education”, and...
The table shows the rotated factor scores. The eigenvalue for factor five is 1.07 and 63 per cent of the total variance is attributable to the first five factors. Thus, a model with five factors may be adequate to represent the data. The factors identified are “Academic resources”, “Physical facilities”, “Course and entry requirements”, “Location”, and “General influences”.

Conclusions and strategic implications

Educational administrators should note that all the attributes identified in this study are considered important by the Indonesian students in this study. These attributes should be taken into consideration when targeting and promoting services to overseas students.

The most important factors identified by the students are “Course and career information” and “Physical aspects and facilities”. These are critical issues that must be kept in mind when educational institutions are trying to create sustainable competitive advantages in which their marketing strategies should be based. From a positioning standpoint, institutions should aim towards strengthening their position in overseas markets by providing information about their courses to potential overseas students. Information should also be made available on the Internet as this is becoming a popular source of information for students.

Participating in educational fairs is another way of increasing awareness of the courses offered as well as being a good forum for discussing career opportunities. Educational institutions should also encourage the formation of overseas branches of their alumni associations. These branches could prove very valuable as channels for the distribution of information which could influence the opinion of the families and peers of potential students.

For those institutions which are currently strongly positioned in the market, a protective and defensive strategy is...
suggested. They could pre-empt competitive moves by introducing another service positioned to appeal to the same market segment. An example of this is the twinning arrangements between universities and overseas institutions, in which students who want to pursue a degree can do part of their studies in their home institution and then transfer to an overseas university. Another possible defence strategy is the offering of programmes in different countries. The latter could prove especially beneficial to overcome the potential problems that the Asian currency crisis could pose to tertiary institution with a high percentage of Asian students. Although this strategy cannibalizes the market of the established service, in the long run it is better for an institution to compete with itself than to lose customers to other service providers (Joseph and Joseph, 1998).

The comparison of mean responses between males and females in the Indonesian sample indicates that females place more importance in the information provided to choose an area of study and on institutions having reasonable entry requirements than their male counterparts. These elements must be kept in mind by those that address potential students in those markets.

This study points towards the need to develop different strategies for different markets. It also highlights the importance of understanding the need to identify the important attributes that potential students consider when choosing a tertiary institution. If educational institutions are to develop strategies that will attract a sustainable share of the market, they need to know their customers, understand their needs and develop strategies to satisfy those needs.

Owing to the strategic implications of the Asian crisis, educational institutions need to explore other avenues for continuing growth. Institutions could develop other product offerings, such as professional development courses for executives as well as distance education (i.e. offering courses through the Internet). These strategic options could attract a larger share of the education market. They could also implement market development strategies by offering their existing services to new markets – for example, Latin America, Africa, and Europe.

It is also important to look for neglected domestic submarkets, such as women returning to the workforce, retrenched executives and people running businesses from home, whose educational needs are often overlooked to cater for more traditional markets which are perceived as being more lucrative.

Going offshore to capture a larger share of the education market is a strategy that the vast majority of educational institutions have adopted. However, if they are to succeed in the long term they must understand the need for identifying the attributes that potential overseas students consider important when choosing an overseas institution for pursuing a higher degree.

**References**


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**Table IV**

Rotated factor scores

<table>
<thead>
<tr>
<th>Factor</th>
<th>Description</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Academic resources</td>
<td></td>
</tr>
<tr>
<td>Information provided to choose area of study</td>
<td>0.71899</td>
<td></td>
</tr>
<tr>
<td>Academic value</td>
<td>0.69031</td>
<td></td>
</tr>
<tr>
<td>Information given on career opportunities</td>
<td>0.67762</td>
<td></td>
</tr>
<tr>
<td>Reputable degree programme</td>
<td>0.67365</td>
<td></td>
</tr>
<tr>
<td>Good faculty</td>
<td>0.66457</td>
<td></td>
</tr>
<tr>
<td>Good social life on campus</td>
<td>0.56051</td>
<td></td>
</tr>
<tr>
<td>Superb recreation and other facilities</td>
<td>0.52212</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Physical facilities</td>
<td></td>
</tr>
<tr>
<td>Necessary physical resources available</td>
<td>0.79246</td>
<td></td>
</tr>
<tr>
<td>Accommodation at reasonable cost</td>
<td>0.67328</td>
<td></td>
</tr>
<tr>
<td>Environment conducive to learning</td>
<td>0.51409</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Courses and entry requirements</td>
<td></td>
</tr>
<tr>
<td>Wide range of courses</td>
<td>0.71109</td>
<td></td>
</tr>
<tr>
<td>Reasonable entry requirements</td>
<td>0.56001</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>General influences</td>
<td></td>
</tr>
<tr>
<td>Peer and family</td>
<td>0.76461</td>
<td></td>
</tr>
<tr>
<td>Reasonable cost</td>
<td>0.55937</td>
<td></td>
</tr>
<tr>
<td>Specialist programmes</td>
<td>0.46076</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Location</td>
<td></td>
</tr>
<tr>
<td>Ideal location</td>
<td>0.81378</td>
<td></td>
</tr>
<tr>
<td>Clean and safe environment</td>
<td>0.70609</td>
<td></td>
</tr>
</tbody>
</table>


Further reading


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