STUDENTS’ NEED RECOGNITION FOR HIGHER EDUCATION AT PRIVATE COLLEGES IN MALAYSIA: AN EXPLORATORY PERSPECTIVE

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ABSTRACT

The objective of this study is to ascertain the influence of internal and external environmental and marketing stimuli on students’ need recognition to study at private colleges in Malaysia. Eight hundred and eighty eight students who were enrolled in 72 multi-disciplined private colleges participated in this study. A two-part questionnaire comprising selected background data, and internal and external stimuli promoting students’ need recognition was used. Internal stimuli comprised an individual’s past experience, characteristics and motive. External environmental stimuli encompassed family, reference group and social class; while external marketing stimuli include the quality of programs, promotion, pricing, distribution, lecturers, processes and physical resources. The results indicate that external marketing stimuli have the highest influence on students’ need recognition (lecturer’s quality – 76%; program quality – 74% and quality of physical resources – 73%), followed by external environmental stimuli (family – 70%), and internal stimuli – 65%. These findings will enable private colleges to formulate effective marketing strategies emphasising students’ need recognition and family influence, which will allow them to maintain a sustainable competitive edge over their competitors in this dynamic and highly competitive industry.

Key words: Need recognition, internal stimuli, external stimuli, private colleges.

INTRODUCTION

Private Higher Education in Malaysia

The higher education industry in Malaysia employs a dualistic system comprising of the public and private higher education sectors (Tan, 2002). Private higher education comprises private colleges, private universities and university colleges, foreign university branch campuses and distance learning centers. A hallmark of the private higher educational institutions (PHEIs) is that they self-generate their resources from shareholders’ funds, students’ fees and business activities related to the education business. PHEIs too are strongly encouraged to adopt the curriculum prescribed by the Ministry of Education (Soon, 1999). In addition PHEIs offer numerous categories of studies namely, internal award at certificate and diploma levels, tuition for external professional examinations, bachelors, masters and doctoral programs in an array of disciplines (Shamsul, 2001; Kamaruzzaman and Kelch, 1999).

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The 1990’s represented an era of rapid development for the Malaysian private higher educational institutions and was characterized by the growth in the number of institutions, variety of courses offered and course structures. According to Marzita (2005), there were 535 private colleges and 26 private universities and university colleges registered with the Ministry of Education in 2005. This has enabled the private higher educational institutions to complement the efforts of their public counterpart in producing highly skilled and trained professionals to meet Vision 2020. The aim of this vision is to make Malaysia a fully industrialized nation by the year 2020. In addition, the private higher education institutions have also contributed significantly to the Malaysian economy via foreign exchange earnings from the influx of foreign students. The number of foreign students rose from 23,400 in 2002 to 36,466 in 2003, an increase of 77.7% (Izwar, 2003). Consequently, the private higher education sector too has successfully minimized the outflow of foreign exchange estimated at 2.5 – 3 million Ringgit annually through the reduction in the number of Malaysian students pursuing higher education abroad. Such a trend is possible as private colleges and universities are able to offer a comparable alternative to higher education as their public counterpart.

Contemporary Challenges Confronting Private Colleges in Malaysia

Over a span of 70 years since their inception in the 1930’s, private colleges have flourished to its current formidable state. This trend persisted into the 1980’s and 1990’s as the growth among Malaysians taking degree level courses increased from 7% to 23%. With the presence of an estimated 160 active private colleges, 12 private universities, 4 foreign university branch campuses and distance learning centers, the available total market potential of 350,000 – 400,000 students still seems very limited (Disney and Adlan, 2000a). This highly competitive environment has resulted in an estimated decline in student enrollment by approximately 20 percent across the board, especially among the smaller private colleges with student enrolment ranging between 400 – 500 students (Zalina, 2003). This poses a new challenge in ensuring the future survival of private colleges in this country.

Besides the competitive state, the enactment of several statutes such as the Education Act 1996, Private Higher Education Institution Act 1996, National Accreditation Board (LAN) Act 1996, University and University Colleges (Amendment) Act 1996, National Higher Education Fund Corporation Act 1997 (Disney and Adlan, 2000b) have regulated the conduct of private higher education operators to promote quality education. The implementation of these regulatory controls has resulted in a number of private colleges being served with notices for closure, revocation of their licenses, issuance of show cause letters, and directives to cease the offering of certain programs. Between November 2002 and January 2003, 171 PHEIs were directed to stop their operations resulting in a reduction in their number from 706 to 535 (Rohana, 2003). Similarly, in April 2003, another 7 PHEIs were directed to close down their operations because they were operating without the approval of the Department of Private of Higher Education. An additional ten institutions were directed to stop offering courses which have not been approved (Izwar, 2003).
Consequently private colleges too have been compelled to adopt information and communication technology such as technology infrastructure, network and systems use, course development, administrative system, and E-planet. In fact the larger institutions have started to experiment with numerous technological applications such as computer power and application of ‘smart’ products, teaching and learning technology, and efficient methods of distributing education through E-Learning (Syed Othman Al-Habshi, 1999). Such moves were deemed highly necessary to keep up with technological innovations in education as expected by the respective stakeholders.

In summary, the competitive, legal and technological environment has compelled private colleges to be more competitive. Coupled with heightened consumer sophistication, private colleges are increasingly faced with the challenge of getting their enrollment to break-even, sustain their market share and eventually register the expected profits. In response to this baffling scenario, an empirical research undertaking such as this study would be essential. It would enable insights on stimulants that trigger the recognition of need for higher education at private colleges to be solicited. These findings could be utilized as a platform to assist private colleges in their pursuit of organized and aggressive marketing/ management efforts to secure the much needed enrollment.

Research Question/Objective

The question addressed in this study is: What are the stimulants that led students into identifying their need to pursue higher education at private colleges in Malaysia? The objective of this research is therefore to determine students’ perception of the stimulants that triggered their need recognition for higher education at private colleges in Malaysia.

LITERATURE REVIEW

Private higher educational institutions’ active involvement in the Malaysian higher education system was witnessed in the early 1980’s (Jalaludin, 2001). They offered courses for students with Sijil Pelajaran Malaysia (SPM) and Sijil Tinggi Pelajaran Malaysia (STPM) qualifications or its equivalent, leading to the award of certificate, diploma and degree qualifications. According to the Department of Private Education, Ministry of Education, Malaysia (2001) there were almost 40,000 students enrolled in private colleges in 1998. Although private colleges offer a wide range of qualifications, prospective students and their parents would first have to recognize their educational needs prior to choosing a private college (Schuettewith and Charlante, 1998).

Existing research on customer service suggests that there are differences in the decision making process between goods and services (Turley and LeBlanc, 1993). Hill and Neeley (1988) proposed that the decision making process is different according to the type of service. It has been reported that the involvement in consumer decision making varies by product (service) category and by specific decisions and decision stages (Davis, 1986). However, the literature indicates that studies on consumer decision making process tend to focus on post-decision behavior rather than pre-decision behavior (Peterson and Wilson, 1992; Bitner, 1992; Crosby et al., 1990; Oliva et al., 1992). Furthermore, these empirical
researches were conducted largely in the United States and the Scandinavian countries. As such an empirical research addressing the pre-purchase stage, particularly need recognition, for private higher education in private colleges in Malaysia is much needed. The influence of internal, and external environmental and marketing stimuli on the need recognition stage would determine whether a consumer proceeds to subsequent stages such as information search, evaluation of alternatives and the decision to purchase.

The pre-purchase phase consists of a range of activities that take place before a purchase decision is made. It begins with the initial need recognition (Lovlock and Wright, 1999; Lovlock et al., 1998; and Donnelly and George, 1981). This first stage must materialize before decision making may begin. Need recognition occurs whenever consumers identify a significant difference between their actual or current state of affairs and a desired or ideal state (Hawkin et al., 2001; Schiffman and Kanuk, 1990). An actual state is an individual’s perception of his or her feelings and situation at the present time. The desired state, on the other hand, is the way an individual wants to feel or be at the present time. Central to the need recognition process is the degree of discrepancy between the desired condition and the actual condition. A consumer would proceed to fulfill his or her need only if the need is important and solutions are available (Baker, 1997). Moogan, et al. (2001) in their study on the importance of decision making attributes by potential higher education students in the United Kingdom reported that students would only pursue higher education if the university seems attractive or worthwhile to them.

In addition, Assael (1998) established need recognition based on two key input variables, namely internal and external input variables. Internal input variables are those stemming from within an individual, such as the individual’s past experience, characteristics and motive. Conversely, the external input variables consist of the environmental and marketing stimuli. Examples of environmental stimuli are reference group, social class and family. The influence of reference group on consumer decision making process parallels studies by Joseph and Joseph (1997) and Spekman et al., (1980). Williams (2002) proposed that social class does have an impact on consumer decision making. Studies by Nattavud (2003) and Stafford et al., (1996) have also found a relationship between family and consumer decision making process. This trend is also observed in Malaysia where Leo Burnett in a research conducted in Kuala Lumpur revealed that young Malaysians, despite being westernized, are still quite conservative and value family life and parental consent (Schuttewith and Charlante, 1998). Marketing stimuli on the other hand would include the product, promotion, placing, pricing, people, process and physical evidence employed by firms (Schiffman and Kanuk, 2000). Literature on consumer behavior by Lancaster and Massingham (2001), Phipps and Simmons (2001), Rice (1997, 1993) have advocated that marketing stimuli would affect the different stages of consumer decision making process. On a similar note, studies conducted in Malaysia by Rohaiyat (2004) and Tan (1999) also agreed that marketing stimuli do affect a student’s choice of college. However, in the context of an effective education system, quality inputs by PHEIs would predominantly include people especially lecturers, and service products such as programs and physical evidence (Yin and Wai, 1997).
METHODOLOGY

The Sample

The population of PHEIs in Malaysia has been defined as private colleges, out of which 124 multi-discipline private colleges listed in the Green Pages Index of Wencom Higher Education Guide 2000/2001 (Quek, 2000) were selected. However, four were later omitted, either because their licenses were revoked, has been acquired or had their status changed from a multi-disciplinary college to a specialty college. This left only 120 private colleges that were included in this study. One thousand three hundred and twenty first semester students were selected (120 private colleges x 11 students) via the simple random sampling approach, based on the class registration of newly enrolled students. Students of this enrolment status were selected because they were in a better position to recall what influenced their need recognition to study at their chosen private colleges. This safeguarded the quality of the responses obtained. Out of the 1320 questionnaires distributed, only 833 (62%) were returned from 72 private colleges. Fourteen were rejected because there were numerous missing values, hence bringing the actual number of responses to 808 (60%).

The Questionnaire

The questionnaire was constructed in English and comprised two major parts. The first part requested background data, such as level of program, gender, race, mode of study, nationality and qualification, for the purpose of profiling the respondents. The second part of the questionnaire required the respondents to indicate their perceived influence by numerous inputs of need recognition. Questions to measure the internal and external stimuli triggering need recognition were constructed based on studies by Rohaizat (2004), Nattavud (2003), Williams (2002), Moogan et al. (2001), Tan (1999) and Spekman et al. (1980). The internal, external-environmental and external-marketing factors were operationalized as stimulants of need recognition. Internal stimuli comprised the individual’s past experience, characteristics and motive. External-environmental stimuli on the other hand consisted of family, reference group and social class. The external-marketing stimuli included quality of program, promotion activities, attractive pricing, easy access, qualified lecturers, simple processes and up-to-date facilities. Responses to these questions were measured on a seven point Likert scale, with 7 being strongly influenced, 1 being no influence and 0 for not applicable. The substantive approach was used to collapse categories into low, moderate and high levels from the original Likert scale (Vaus, 2002). This approach entails combining categories based on communal grounds, which would enable them to fit together. In this case with interval variables, collapsing was merely the concern of establishing cut-off points along the continuum. Based on the substantive approach the eight point Likert scale of 0–7 was divided into three categories with approximately the same number of codes collapsed into each category. Codes of less than three were considered as low levels of influence, 3 to 5 as moderate levels of influence and codes above five as high levels of influence. Questionnaires were distributed to recently enrolled students (up to one month) to be completed. The one month qualification was imposed to ensure that students would be able to recollect the various influences on their need recognition with reasonable degrees of
accuracy. Prior to the administration of the questionnaire to the respondents, a pre-test was conducted among 88 students at a private college in Petaling Jaya, Selangor, to ensure clarity of the questionnaire. These students were excluded from the sample of this study.

Data Collection and Analytical Procedures

Data collection was administered via the drop-off method in the following states: Kuala Lumpur, Selangor, Perak, Penang, Kedah, Melaka and Negeri Sembilan. The researchers personally delivered the questionnaires to the respective colleges, which enabled them to explain the purpose of the research to the respective colleges so as to elicit their cooperation. Mail survey was used for Sabah, Sarawak, Kelantan, Trengganu, Pahang and Johor as they were geographically far from the researcher’s base. The statistical computer program SPSS version 11 was used to analyze the data (Norusis, 2002).

A statistical analysis was carried out on the perceived level of influence of internal and external factors on need recognition. Prior to this, the inter-item correlation was performed to establish if they were related or vice versa (Bryman and Duncan, 1999). Coefficient values more than 0.3 in the correlation matrix suggest that those items belong together (Vaues, 2002). A significant majority of the internal, external environment and marketing factors had coefficient values of more than 0.3. Items that had coefficient values of less than 0.3 were not dropped (as they normally are) because they belonged together conceptually.

The internal reliability of the multiple items employed to measure each construct in this study is fairly good as the Alpha values obtained for all the items were more than 0.6, hence indicating satisfactory internal reliability (Hair et al., 2000). Construct validity was determined via ascertaining the content or face validity of the measurement instrument. This procedure was carefully approached by first defining what was to be measured, followed by a thorough literature review and consequently the opinion of four marketing experts (two academicians with extensive marketing knowledge and two marketing practitioners in private colleges) to ascertain the representativeness and suitability of the designed scale.

Sample Characteristics

Out of the 808 respondents, 62.9% (508) were females and 37.1% (300) were males. There were 83.3% (673) full-time students and 16.7% (135) part-time students. The 18 to 22 age group registered the largest number of respondents, totaling 83% (673). This was followed by the 23 to 29 age group making up 12% (100) of the respondents. The 30 to 39 age group was small with 4.3% (35), and there were none above the age of 40. Chinese was the most dominant ethnic group, with 62.4% (504) respondents, followed by the Malays 17.7% (143), Indians 13.2% (107) and others 6.7% (54). Malaysians made up the majority with 76.4% (617), while the non-Malaysians totalled 23.6% (191). 76.9% (621) of the respondents were self-sponsored while only 23.1% (187) were on study loan.
RESULTS AND DISCUSSION

From Table 1, 65% (808) of the respondents ranked individual’s motive as having the highest influence among the internal input variables. This may be because, in most cases the desire to pursue higher education is a self-driven aspiration, aimed at securing a better future. Individual motive too is a driving factor because in Malaysia having a paper qualification is often viewed as an important pre-requisite to enter the job market. For the external environmental stimuli, 70% of the respondents perceived that their family had a high influence on their need recognition. These findings concur with studies by Nattavud (2003) and Stafford et al., (1996). As Malaysian society is still very close knit and rather conservative, involvement of the family unit in key decisions, such as choice of college, is still prevalent (Schuettewith and Charlante, 1998). Among the external marketing stimuli, quality of lecturers (76.3%), quality of programs (74.3%) and quality of physical resources (72.8%) were perceived as the three most influential marketing stimuli to trigger need recognition for private higher education at private colleges. This is understandable as one key component of an effective education system is the quality of inputs utilized including people such as the lecturers, and the service product such as the program and physical evidence (Yin and Wai, 1997). Together, these inputs are the factors responsible for stimulating need recognition among students seeking quality higher education, and are in conformity to studies undertaken by Rohaizat (2004) and Tan (1999).

### Table 1. Need Recognition Based on International and External Stimulus (n = 808)

<table>
<thead>
<tr>
<th>Internal Stimulus</th>
<th>High Influence &gt;5</th>
<th>Moderate Influence 3–5</th>
<th>Low Influence &lt; 3</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Individual’s past experience</td>
<td>1.8</td>
<td>10.0</td>
<td>88.2</td>
<td>3</td>
</tr>
<tr>
<td>b. Individual’s characteristic</td>
<td>52.8</td>
<td>30.4</td>
<td>16.8</td>
<td>2</td>
</tr>
<tr>
<td>c. Individual’s motive</td>
<td>65.4</td>
<td>28.5</td>
<td>6.1</td>
<td>1</td>
</tr>
<tr>
<td><strong>External Stimulus: Environmental stimulus</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Family</td>
<td>70.3</td>
<td>20.6</td>
<td>9.1</td>
<td>1</td>
</tr>
<tr>
<td>b. Reference group</td>
<td>64.2</td>
<td>18.9</td>
<td>16.9</td>
<td>3</td>
</tr>
<tr>
<td>c. Social class</td>
<td>68.7</td>
<td>20.4</td>
<td>10.9</td>
<td>2</td>
</tr>
<tr>
<td><strong>External Stimulus: Marketing stimulus</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Quality of programs</td>
<td>74.3</td>
<td>15.8</td>
<td>9.9</td>
<td>2</td>
</tr>
<tr>
<td>b. Quality of promotion</td>
<td>50.8</td>
<td>38.7</td>
<td>10.5</td>
<td>6</td>
</tr>
<tr>
<td>c. Quality of pricing</td>
<td>60.9</td>
<td>22.5</td>
<td>16.6</td>
<td>4</td>
</tr>
<tr>
<td>d. Quality of distribution efforts</td>
<td>58.2</td>
<td>29.6</td>
<td>12.2</td>
<td>5</td>
</tr>
<tr>
<td>e. Quality of lecturers</td>
<td>76.3</td>
<td>13.2</td>
<td>10.5</td>
<td>1</td>
</tr>
<tr>
<td>f. Quality of processes</td>
<td>40.6</td>
<td>33.3</td>
<td>26.1</td>
<td>7</td>
</tr>
<tr>
<td>g. Quality of physical resources</td>
<td>72.8</td>
<td>20.2</td>
<td>7.0</td>
<td>3</td>
</tr>
</tbody>
</table>
Pearson correlation carried out on all the internal, external environmental and external marketing factors generated positive results (Table 2). For the internal factors modest correlation (0.43) was observed between individual characteristic and individual motive. This finding is very much in line with the earlier summary statistic, where 65% of students perceived their individual motive as having a strong influence on their recognition to pursue higher education at a private college. The external environmental factor too displayed a modest correlation (0.56) between social class and reference group as well as family and reference group (0.48). The summary statistics further indicated that family and social class were perceived to have a strong influence on their problem recognition by 70% and 69% of students respectively.

<table>
<thead>
<tr>
<th></th>
<th>Internal Factors</th>
<th>External Factors: Environment</th>
<th>External Factors: Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Past experience</td>
<td>1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual character</td>
<td>.12** 1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual motive</td>
<td>.42** .43** 1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My family</td>
<td>.18** .17** .50** 1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social class</td>
<td>.35** .20** .52** .28** 1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reference group</td>
<td>.19** .18** .30** .48** .56** 1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality programs</td>
<td>.09** .29** .50** .47** .27** .39** 1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion activities</td>
<td>.35** .15** .02** .04** .07** .13** .21** 1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attractive pricing</td>
<td>.08** .26** .01** .05** .04** .10** .19** .64** 1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Easy access</td>
<td>.35** .01** .04** .16** .13** .08** .20** .53** .68** 1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality lecturers</td>
<td>.23** .33** .32** .29** .18** .26** .54** .24** .37** .37** 1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simple process</td>
<td>.33** .07** .16** .19** .17** .13** .37** .48** .63** .58** .48** 1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up-to-date facilities</td>
<td>.06** .09** .16** .14** .12** .12** .36** .34** .42** .35** .40** .53** 1.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

** Pearson correlation is significant at 0.01 level (2-tailed).

Modest correlation was also found for external marketing factors such as attractive pricing and easy access (0.68), promotion activities and attractive pricing (0.64) and attractive pricing with simple processes (0.63). In the summary statistics of Table 1 students
have indicated quality lecturers (76%), quality programs (74%) and up-to-date facilities (73%) as the external marketing factors that had a strong influence on their need recognition. This suggests that the external marketing stimulus is relatively more influential in triggering students’ need recognition for higher education at private colleges.

CONCLUSION

Individual motive (internal input variable), family (external input variable: environmental stimulus), quality of programs, quality of lecturers, as well as quality of physical resources (external input variable: marketing stimuli) were perceived by students as triggers of need recognition for higher education at private colleges. This concurs with the literature reported by Assael (1998) and Schiffman and Kanuk (2000).

The external marketing stimuli was perceived to be most influential in stimulating students’ need to study at private colleges. The three marketing stimuli namely quality of lecturers, programs, and physical evidence were rated higher than the internal and external environmental stimuli, thus reinforcing the importance of marketing stimuli in triggering need recognition among students of private colleges. This implies that marketing stimuli are powerful tools that can be used by private colleges to stimulate need recognition among potential students. As such it would be critical for private colleges to review and reformulate their marketing strategies to maximize their impact to stimulate students’ need recognition and choice of private college. It is also imperative that management of private colleges communicate these strategies to potential students and their parents. This is because the choice of college is not an individual’s decision but one that involves a decision making unit (DMU) that comprises potential students and their families. As this study is exploratory, it would be more conclusive if further empirical studies could establish the magnitude of influence these internal and external factors have on students’ need recognition, and how private colleges’ marketing efforts could impact students’ need recognition.

REFERENCES


