An International Graduate Student-Consumers’ Choice Model for Philippine Higher Education Institutions (HEIs): A Business Model

Maybelle A. Paulino *, Mary Caroline N. Castaño
The Graduate School, University of Santo Tomas,
España, Manila, Philippines
*Corresponding Author: maybelle.paulino10@gmail.com

ABSTRACT
This theoretical paper contends the tenet that countries and their respective higher educational institutions should continue viewing international education as a traditional public good. Instead, they must acknowledge intense competition and consider it as a product based on market perspective. The new competitive education landscape compels them to adopt and apply marketing concepts in their operations in order to influence international students in their choice of country destination, university, and study program. Based on the business model concept, this paper highlights the need, develop, and describe a new framework for ‘students-as-consumers’ concept by reviewing the existing literature on students’ choice. The paper shows how students as consumers can be attracted or recruited; and, how host countries and their respective higher education institutions can optimize their resources by presenting the newly developed framework as a new business model. The study offers some managerial and research implications for future study.

Keywords: Internationalization, international students, higher education models, higher education institutions

Introduction

Objectives
The use of marketing models to understand the behavior of students, as consumers, is considered more appropriate and is suggested by many studies (Alonderience & Klimaviciene, 2013). Therefore, educational institutions must adopt and apply marketing concepts in their operations to be able to influence students in their choice of study destination, university, and study program (Alonderience & Klimaviciene, 2013). In this context, this paper aims to highlight the need, develop, and describe a new framework for ‘student-consumers’ choice’ through an intensive review of the existing literature on students’ choice.

Research Questions
This conceptual paper intends to highlight the need to develop and describe a new framework for ‘student-consumers’ choice’, hence it will be guided by this research question: What model is suggested as a result of the study?

Theory
A business success might depend on its business model (Lambert, 2008). Hence, a ‘business model’ is said to be very significant. It is called the ‘profit formula’ that explains how firms can generate revenues and profits (Stefan & Richard, 2011). Likewise, it is an ‘abstract concept’ that defines how an organization will implement its business concept.
(Lambert, 2008). It is also a ‘strategy’ that can be used to create value to customers (Umea University, 2011).

**Methodology**

This research reviews the extant literature on international students, particularly, postgraduate students (master’s and doctoral). A search for published literature on international students’ choice of study destination, university, and study program or field of specialization, international students’ characteristics, factors affecting decision-making process and choice of international students, and university marketing mix was undertaken using university’s databases. Journals were synthesized, summarized, and presented in this paper in a narrative form. Data will be drawn from 242 respondents, which is computed using statistical power analysis, with the aid of a software called ‘GPower’. Meanwhile, the gathering of data will be conducted through face-to-face unstructured interviews and self-constructed survey questionnaires. For qualitative and quantitative data analyses, the study will use a computer program called ‘NVivo’ and the Partial Least Square-Structural Equation Modeling (PLS-SEM) technique, with the aid of one or combination of ‘SmartPLS’, ‘WarpPLS’, and ‘AMOS’ software.

**Literature Review**

The importance of education has been given due distinction (Temizer & Turkyilmaz, 2012; Vrontis, Thrassou, & Melanthiou, 2007) even more these days as competition become more stiffed not only domestically but also globally wherein the arena has wider prospect and scope (Ryan & Dogbey, 2012; Temizer & Turkyilmaz, 2012; Zheng, 2012). Undergraduate studies are insufficient (Wang & Tseng, 2011); hence, more and more students are undertaking a much higher level of education (Wang & Tseng, 2011; Zheng, 2012).


Forced by global competition, people decide to pursue international studies to further augment their competitiveness (McCarthy et al., 2012; Rientes, Luchoomun, & Tempelaar, 2013; Wang & Tseng, 2011; Zheng, 2012). The hopes of better educational and professional opportunities have pushed students also to seek studies outside their home countries (Jung, Hecht, & Wadsworth, 2007; Nedelcu & Ulrich, 2014; Perkins & Neumayer, 2013; Rujiprak, 2016; Zheng, 2012). International education from the perspectives of some students is a hope for expunging their local outlooks (McCarthy et al., 2012; Pyvis & Chapman, 2006). However, it is still the ‘international recognition’ that dominates among factors persuading international students to study abroad (Coryton, 2014).

Seemingly, education through international instructions is preferred as it provides competitive advantage (Bhati & Anderson, 2012; Dotong & Laguador, 2015; Pucciarelli & Kaplan, 2016; Rientes et al., 2013) and a point of differentiation (Perkins & Neumayer, 2013; Ruhanen & McLennan, 2010). Nevertheless, international education provides a magnitude of benefits by making individuals more equipped with a good understanding of the educational, social, cultural, and linguistic diversities that characterized this modern world (Phakiti, Hirsh, & Woodrow, 2013; Rujiprak, 2016).
The escalation of globalization is said to be paralleled with the development of internationalization in higher education (Beine, Noel, & Ragot, 2014; Tan & Goh, 2014). In fact, internationalization in higher education has been steadily rising since 1970’s (Beine et al., 2014); and, has been seen as a major trend since the late 1980’s (Bennel & Pierce, 2002). This upsurge has been brought about by the increasing accessibility of study abroad due mainly to the reduced transportation costs (Kumar, 2015; McCarthy et al., 2012), development in communications technology (McCarthy et al., 2012), and improvement on foreign students’ recruitment policies in numerous host countries (Kumar, 2015). Internationalization has been likewise acknowledged as the latest sine qua non of academic excellence (Yeravdekar & Tiwari, 2014); and, has become one of the focal priorities of many universities around the globe (Roga, Lapina, & Muursepp, 2015). The process is even used to respond to the need of the hastily globalizing economy (Bennel & Pierce, 2002; Mackay, Harding, Jurlina, Scobie, & Khan, 2011).

Wang and Tseng (2011) divulged that the need for international education has been increasing day by day; thus, the reports that there are substantial growth in the number of international students worldwide could attest that notion (Bhati & Anderson, 2012; Bilecen & Faist, 2014; Brown, 2009; Cubillo, Sanchez, & Cervino, 2006; Fritz et al., 2008; Gul, Gul, Kaya, & Alicanturk, 2010; Hendrickson, Rosen, & Aune, 2010; Kritz, 2013; Mackay et al., 2011; Madge, Raghuram, & Noxolo, 2014; Malakolunthu & Selan, 2011; Menzies, Baron, & Zutshi, 2015; Nedelcu & Ulrich, 2014; Pan, 2013; Perkins & Neumayer, 2014; Prazeres, 2013; Qing, 2015; Rienties et al., 2013; Ruhanen & McLennan, 2010; Wang, Andre, & Greenwood, 2014; Wei, 2013; Wells, 2014; Wilkins & Huisman, 2011; Zheng, 2012).

Collins (2014) and Tan and Goh (2014) claimed that higher education is recently directing towards becoming more homogenized due to the prevalent influence of globalization. A great number of higher education institutions (HEIs) are increasingly adopting business strategies and behaving like business entities (Manzuma-Ndaaba et al., 2014; Oleksiyenko, Cheng, & Yip, 2013; Padlee, Kamaruddin, & Baharun, 2010; Pucciarelli & Kaplan, 2016). Consequently, higher education has become a tradeable service across nations and attracts a worldwide market (McCarthy et al., 2012). This phenomenon, though, becomes traditional and widely accepted in higher education environment (Pucciarelli & Kaplan, 2016).

Indeed, many universities are now adopting a market from product perspective (Ruhanen & McLennan, 2010) in their pursuits to attract lucrative full-fee paying international students (Perkins & Neumayer, 2014; Ruhanen & McLennan, 2010). As a matter of fact, Vrontis et al. (2007) averred that higher education has been viewed as a ‘process’; and, in this process, students are regarded as ‘consumers’, while the educational institutions are considered as the ‘providers’.

Apparently, the concept of ‘students-as-consumers’ has gained greater attention (Alonderience & Klimaviciene, 2013). The concept has highlighted that students have been so careful with their choice of higher education institutions and study program (Vrontis et al., 2007). As a matter of fact, in most countries, the power of choice belongs entirely to consumers (Vrontis et al., 2007).

**Higher Education Choice Models**

The following are the models emerged from the literature review that provide a better understanding of how international, foreign, mobile, or ‘internationally mobile’ students behave in higher education, how numerous factors affect, motivate, and influence their decision-making process, and how they choose their country destination, university or school, and program. The different models display the interactions of numerous and wide-ranging
variables to the students’ decision-making process and choice; and, their association with education services and other related factors.

**The Jackson Model.** The model developed by Jackson in 1982, which suggests that students’ decision-making process passes through three stages. The *first stage* is called the preference stage which is about the development of aspirations. At this stage, students are influenced mostly by prior academic achievements. The *second stage* which involves the creation of list and excluding items on the list after further consideration is called exclusion. During this stage, students exclude some institutions from their list. The *third and final stage* is called evaluation wherein students form a choice set after limiting his choices. At this phase, students use rating schemes to make their final selection. This model discusses the importance of numerous factors influencing students’ choice at different stages (Joos & Villavicencio, 2015; Migin, Falahat, & Khatibi, 2015; Vrontis et al., 2007).

**The Hanson and Litten Model.** A three-staged model developed by Litten in 1982, this model is viewed as a longer process and described as a series of activities involving education choice, i.e., decision to participate in education, investigation, and creation of a set of candidates for an education institution, and application to enroll in an HEIs. The three stages are expounded and recognized in five particular processes namely: college aspirations, search process, information gathering, sending application, and enrolling. An additional step is added, the university action which occurs between sending applications and enrolling steps; and, includes specific descriptions of the different components affecting HEI choice. This model is described as a fusion of Jackson’s and Chapman’s Models (Joos & Villavicencio, 2015; Migin et al., 2015; Vrontis et al., 2007).

**The Vrontis, Thrassou, and Melanthiou’s Model.** A contemporary higher education student-choice model for developed countries, created in 2007 through contingency methodological approach in which the aim is to understand and explain the key factors that affect the consumer behavior of the developed countries. This model is an expansion of the previous choice models and a mixture of generic models of consumer behavior discussed by the model developed by Hanson and Litten. The model also utilized the generic consumer decision process developed by Blackwell et al. in 2001 (from original seven steps reduced to five steps).

The model merged the steps of purchase and consumption and removed the divestment, showed the developing countries’ consumer behavior differentiating factors, and portrayed the determinants derived from the previous developed generic higher education student-choice. However, this model poses some limitations in providing veracity of information. This model reflects institutional strategies such as branding, improved marketing communications and a need for customer focus, business ethics, and social responsibility.

The two shifts – one related to environmental factors and other related to increased customization demand, and, the differing values and attitudes concerning personal freedom and personal achievement’s drive in developed countries are some intriguing propositions of this model (Vrontis et al., 2007; Wilkins & Huisman, 2011).

**The Cubillo, Sachez, and Cervino Model.** Proposed in 2006, this model of the international student’s decision-making process has purchase intention as a dependent variable and predictor of the consumers’ preferential choices. The model considered five dependent factors to determine prospective students’ final choice. This is a theoretical model in which focus is the integration of the factors identified in the existing literature though not yet tested empirically (Cubillo et al., 2006; Wilkins & Huisman, 2011).

**The Joos and Villavicencio Model.** A model for higher education choice of international students and its interaction with university services which is developed by Joos and Villavicencio in 2015. This model explains the main process of a student’s higher
education choice, i.e. university aspirations, search process, evaluation and exclusion of alternatives, sending applications, university actions, and enrolling. It portrays also the ‘push-pull’ factors influencing international students as well as the interaction of university services (Joos & Villavicencio, 2015).

The Dahari and Abduh Model. This model ranked eight selected variables namely: price, programs offered, prominence of academic staff, promotion, facilities, environment, convenience, and scholarship, as factors affecting students’ decisions to pursue the postgraduate level study. Through this model, which was utilized also as the framework of its empirical study, together with analytic hierarchy process, the research found out that the number one factor influencing the overall international students’ choice to pursue postgraduate study is the ‘programs offered’ (Dahari & Abduh, 2011).

The Teles, Kosztyan, Neumann-Virag, Katona, & Torok Model. A model used to analyze students’ choices based on preference lists. This model summarizes the independent variables grounded from related studies and adopts the conditional rank ordered logit model. The sub-regional economic parameters, as well as the institutional excellence, are not considered in the development of this model (Teles, Kosztyan, Neumann-Virag, Katona, & Torok, 2015).

The Montgomery Model. A nested logit model of the choice of a graduate business school proposed and developed by Montgomery (2002) for the selection of a graduate business school using an econometric approach. This model assumes that prospective postgraduate (MBA) students use a two-stage process in choosing a graduate business program. In the first stage, the students will decide whether they will attend school as full-time, part-time, or not attend at all. If they decide to study as full-time students, they will choose among a set of institutions available. On the other hand, if they decide to attend school as part-time, they will choose from a different set of alternatives. The model projected that the school-choice decision is one ‘nest’ in a joint decision, i.e., how and which school to attend.

Other Models. Economic Models posited that students are rational; and, under each available alternative, they consider its value in terms of costs and benefits (Wilkins & Huisman, 2011). For instance, in choosing an institution, students based their decision on the level of value that each and every educational institution has to offer (Vrontis et al., 2007).

The Gravity Models, on the other hand, are used to analyze the flow of capital and goods. These models are helpful in the study of migration’s motivations and choice of students. The models are also used to measure students’ distance elasticity and to predict two places degree of interaction. Gravity models also asserted that as locations’ importance improved, an increase in the movements between them can be hereby expected (Telcs et al., 2015).

While the Status-attainment Models revealed that the determinants of students’ choice are developed throughout their lives as students (Vrontis et al., 2007), the Structural Models explain student choice in the context of the different constraints such as cultural, economic, and institutional, which are students-imposed (Wilkins & Huisman, 2011).

The Combined Models, on the contrary, suggested that a combination of processes may be more powerful than one (Vrontis et al., 2007). These models include the most important indicators in the decision-making process such as sociological and economic models (Migin et al., 2015).

However, despite the growing body of literature that bid to examine or model students’ choice and decision-making process in global context (Wilkins & Huisman, 2011), most conceptualise the process as a five-stage model, i.e., need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase evaluation (Wilkins &
Huisman, 2011). This five stages model of the consumer decision-making process (Furaiji, Latuszynska, & Wawrzyniak, 2012) is called the Consumer Choice Model. It is introduced by McFadden in 1974 as a classical tool used to investigate the motivations of consumers in their decisions (Telcs et al., 2015). Oftentimes, this is being used as the foundation of many decision-making models.

**Findings**

This paper proposes ‘The International Graduate Student-Consumers’ Choice Model’ as a new business model. This model hypothesizes that international graduate students’ choice is directly influenced by decision-making process. This international students’ decision-making process is then affected by students’ characteristics; different factors such as personal, cultural, economic, social, legal and political, environmental and other factors (mostly academic or HEIs-related); and, university marketing mix.

The new model suggests that understanding students’ behavior through their decision-making processes is fundamental. This can be done through analyzing the students’ characteristics and the different factors (macro and micro) affecting their decision-making. Included in these factors are the efforts of the educational institutions to market their product or service offerings. Hence, the paper considers the marketing practices of universities or schools. This paper believes that adopting and revolutionizing university marketing is needed if higher education institutions would want to survive and remain competitive (Chen & Zimitat, 2006; Kusunawati, Yanamandram, & Perera, 2010). The model also shows the need for understanding the internationals graduate students’ decision-making processes to determine their preferences and choices of study destination, university, or study program or field of specialization. Figure 1 shows the proposed model of ‘student-consumers’ choice’ for Philippine HEIs.

![Figure 1. The proposed ‘International Graduate Student-Consumers’ Choice Model for Philippine Higher Education Institutions (HEIs)’](image_url)

This study is conceptualized to examine the students as consumers’ choice and decision-making process; hence, at the core of the model laid the timeless ‘consumer choice model’ or the five-stage model. Basically, this proposed model aims to investigate the motivations of students as consumers in their study abroad decisions; thus, it considers various factors which may have significant influences on their choices and decision-making processes.
Consequently, the model integrates pieces and bits of the different higher education choice models found in the extant literature to cover a wider range of factors affecting international students’ choice of country destination, university, and study program. To the study’s viewpoint, this is relevant to get a clearer understanding of the behaviors of international students as consumers.

The new framework directs host countries and their respective higher education institutions where to put their valued resources for optimal results, i.e., attracting or recruiting more international graduate students. Specifically, this model is of relevance to the Philippine higher education institutions (HEIs) being the study’s locale.

Discussion

Limitations

This research will highlight the need, develop, and describe a new framework for ‘student-consumers’ choice’ but will only examine international postgraduate students’ behavior in higher education. International students from other levels, like bachelor’s degree, will not significantly be a part of this study. Likewise, the empirical part of this research will concentrate only on international master’s and doctoral degrees’ students, being the study’s target respondents, yet, the theoretical part will have a broader perspective since most of the related studies and empirical data available in the extant literature cover the entirety of higher education population.

Recommendation

This paper supports this tenet: host countries and higher education institutions should discontinue viewing international education as a public good. The new education landscape is characterized by intense competition; and, the only way to survive and remain competitive is for host countries and their respective educational institutions to act in manners like business entities do.

Higher education has become a tradable service across nations (McCarthy et al., 2012). This gives opportunities and challenges to higher education institutions around the world (Wang & Tseng, 2011). Therefore, higher education institutions must adopt or create competitive marketing strategies patterned after a framework which is done based on the current demands of international students as consumers.

Conclusion

The clamor for the adoption and application of marketing concept in international higher education is an indication that education is indeed directing towards a new landscape and has accepted the challenge of competition. In fact, higher education institutions embrace not only the concept of marketing but also the idea of students as consumers (Ravindran & Kalpana, 2012).

The different models presented above also attest that educational landscape already submits itself to the demands of time. This same belief is supported by Manzuma-Ndaaba et al. (2014), Olekstiyenko et al., (2013), Padlee et al., (2010), Pucciarelli and Kaplan (2016), and Wilkins and Williams (2011) who claimed that great number of higher education institutions (HEIs) are increasingly adopting business strategies and behaving like business entities.

MacDonald (2006) mentioned that schools can be examined using business theories. Hence, the paper adopts the business model concept and develops a conceptual model that would serve that purpose. Vrontis et al. (2007) averred that higher education has been viewed as a process; and, in this process, students are regarded as ‘consumers’ while higher education
institutions are considered as ‘providers’. This concept of 'students-as-consumers' is relevant because it highlights that students as consumers have been so careful with their choice of destination country, HEIs, and study program. This circumstance, to this paper’s standpoint, calls for the utilization of business model in education. A business model is significant in the generation of revenues and profits; proper implementation of organization’s business concept, and the creation of customers’ value. If applied to international education business, this may also lead to success.

References


Dotong, C., & Laguador, J. (2015). Developing and maintaining an international climate


Zheng, P. (2012). Antecedents to international student inflows to UK higher education: a