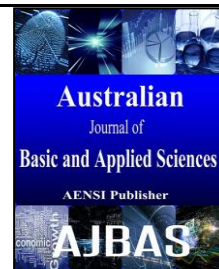




ISSN:1991-8178

Australian Journal of Basic and Applied Sciences

Journal home page: www.ajbasweb.com



Perceived Risk as a Moderator in Higher Education (HE) Destination Choice

¹Jason M.S. Lam, ²David Yoon Kin Tong and ³Ahmad Azmi M. Ariffin

¹Institute of Postgraduate Studies, Multimedia University, Old Ayer Keroh Road, 75400 Historic Malacca, West Malaysia.

²Faculty of Business, Multimedia University, Old Ayer Keroh Road, 75400 Historic Malacca, West Malaysia.

³Graduate School of Business, Universiti Kebangsaan Malaysia (UKM), Bangi, 43000, Selangor, West Malaysia.

ARTICLE INFO

Article history:

Received 12 March 2015

Accepted 28 April 2015

Available online 2 May 2015

Keywords:

Higher education, Malaysia, push-pull factors, perceived risk

ABSTRACT

Background: Malaysia is taking aggressive steps for recruiting international students from various countries due to the potential high economic contributions in return and being ideal educational hub in the region. Various studies conducted in exploring international students motivational factors to study abroad, but limited on 'perceived risk' that may influence their decision making process greatly. Thus, this research main aim is to propose the influence of perceived risk in moderating students' decision making process when selecting higher education (HE). This study contributes in the current HE decision making literature and understands better on the complexity of perceived risk in HE by explaining five types of risk component briefly.

© 2015 AENSI Publisher All rights reserved.

To Cite This Article: Jason M.S. Lam, David Yoon Kin Tong and Ahmad Azmi M. Ariffin., Perceived Risk as a Moderator in Higher Education (HE) Destination Choice. *Aust. J. Basic & Appl. Sci.*, 9(17): 71-76, 2015

INTRODUCTION

The higher education (HE) market in the East Asian countries has seen tremendous growth in recent years particularly in Asian countries such as China, Hong Kong and Singapore (Tan, 2013). In South East Asia, Malaysia has recently become an emerging contender in the industry (Trahar, 2014). The Malaysian government has taken aggressive measures to recruit international students from various countries with the aim of becoming 'world class' education hub by promoting the relative cost advantage over more established study destination such as the United Kingdom, other European nations, Australia and the United States (Ariffin *et al.*, 2008; Nachatar Singh *et al.*, 2014; Tham, 2013a).

Various HE institutions from the Western countries have set up their foreign branches in Malaysia. In 2011, there were five foreign branches in the country, namely Monash University (www.monash.edu.my), Curtin University of Technology (www.curtin.edu.my), Swinburne University of Technology (www.swinburne.edu.my), Nottingham University (www.nottingham.edu.my) and University of Newcastle (www.ncl.ac.uk/numed/). In August 2013, the University of Wales, UK collaboration with the oldest university in Malaysia, University of Malaya, to form a new private varsity called The International University of Malaya-Wales (IIUMW)

was finalised. The university offers undergraduate and postgraduate courses. The latest addition to the trend in 2015 will be the Xiamen University's first off-shore operation in Sepang, approximately 30 kilometres away from the Malaysia administrative capital-Putrajaya. This again signifies the emerging HE business opportunity in Malaysia (Lam *et al.*, 2014). This tells us that there is something 'special' on Malaysia HE where international students choose to study here.

Background:

Based on the statistics compiled by Tham (2013b), international students' enrolment in various Malaysian public, private and foreign institutions in 2009 was 980,760. However, for 2010, this increased to 1,083,663, a jump of 10.50 percent. It is estimated that Malaysia will record up to 2 million of international students in the next five years. Further, by 2020, the government has targeted 60,000 PhD students to be enrolled in various Malaysian public and private higher institutions (The Star, 2015).

Student selection to the host country is influenced by many factors. Previous studies have identified several academic and non-academic criteria. McMahon (1992) pioneered the use of the 'push-pull' theory in the HE study. Mazzarol and Soutar's (2002) study is credited for further explaining push and pull factors by investigating students from different country-of-origins. The push

elements are derived from the internal forces that drive an individual away from the home country whereas pull forces are various attractions derived from the host country or institution (e.g. established university image, good quality of education etc) (Mazzarol & Soutar, 2002). Wilkins and Huisman's (2011) study extends the student-choice study by investigating international students' motivations for choosing foreign branch campus.

Although there is extensive literature exploring students decision making in selecting host country particularly in Western countries such as the United Kingdom (e.g Hemsley-Brown, 2012; Soo & Elliott, 2010; Zheng, 2014), the United States of America (e.g Altbach & Knight, 2007; Heggins & Jackson, 2003; Lu and Adler, 2011) and Australia (e.g. Chapman & Pyvis, 2006; Llewellyn-Smith & McCabe, 2008; Shanka, Quintal & Taylor, 2006), few studies have explored international students' decisions to select Malaysian higher education (e.g Cheng *et al.*, 2013; Lam *et al.*, 2011; Padlee *et al.*, 2010; Pandian *et al.*, 2014). Therefore, this study will further investigate HE destination choice in a Malaysian context.

Decision to study overseas:

Chapman (1986) illustrated in the student decision making in HE by contributing consumer behaviour theory. Armstrong *et al.*, (2014, p.136) conceptualised decision making into five stages, namely, identification of a problem; search for information; evaluation of possible alternatives; making the decision and post purchase evaluation. Maringe and Cater (2007) further explained that student decision making in HE involve pre-search behaviour and passive thoughts (from internal and external stimuli); active search behaviour on the host country and institution to be shortlisted; application stage where individuals submit their application to the preferred institutions; accepting or declining the offer; and post-acceptance behaviour on reflecting whether the previous decision was right or wrong.

Davey (2005, p.2) argue that decision making on HE learning might be extended to certain unexpected complex levels. Maringe and Cater (2007) further elucidate that, given the high-risk nature of the decision to study overseas, students need to consider other possible "situational" elements in terms of missed home feelings, home affair disruptions, uncertainties on the academic progress and academic successfulness in the courses. As such, there is logic in Davey's argument that international students become involved in convoluted decision making needs that scholars should consider as a counter assertion to rationality assumptions in HE choice. Hence, the study of HE decision making is relevant and ongoing with different cue elements and assumption basis.

This study recognises the various push-pull factors investigated by various scholars in HE choice

especially to Western countries. These motivational elements have major implications towards international student strategic marketing plans, recruitment and future retention. However, there is very little written about 'negative' factors that might moderate their influence from studying overseas intention.

Perceived risk:

One of the negative factors in the choice of a HE destination is the 'perceived fears and anxieties' of the international students (Maringe & Carter, 2007). It is widely accepted that decision making for selecting overseas education involves high-risk process and requires large costs to an individual (Oreopoulos & Petronijevic, 2013).

Bauer (1960) proposed the concept of risk into the marketing literature. From that time, more than hundreds of studies conducted pertaining on risk-related element in different fields, namely tourism (e.g Quintal, Lee & Soutar, 2010), financial investment (e.g Lim, Soutar & Lee, 2013), retailing (e.g Buttner, Schulz, & Silberer, 2006; Sweeney, Soutar & Johnson, 1999), airline service (e.g Cunningham *et al.*, 2005) and others.

Glover's (2011, p. 192) study on the international student experiences in Australian HE noted that, despite investigating a student's motivational factors for studying overseas, scholars should put relatively essential consideration on assessing student's perceived risks associated with living, studying and travelling. Glover's argument is supported by the media reports pertaining violent incidents against students from India which have tarnished Australia's image as a desirable HE destination (Owens, 2010). Worst, this could trigger a chain of negative effects for the HE providers. For example, the incident caused a 40 percent drop in Indian students from various universities in the state of Victoria and a 35 percent drop in nationwide new enrolments (Harrison, 2010). This incident may not only negatively influence potential students to consider Australia as their study destination, but it may also hinder general travellers to visit Australia.

Evidently, this reflects the importance of perceived risk element that maybe moderates a student's intention to study overseas. Gauatm (2011) has once mentioned that a strong marketing communication between host country, institution and potential students from the home country is vital as it could decrease certain amount of academic fears among the students and increase their better decision making towards HE destination choice.

Literature Review:

Maringe and Carter's qualitative study proposes five main categories of risk involving international students when deciding HE choice, namely financial risk, opportunity-cost risk, family risk, legal risk and academic risk. First, financial risk is related to the

potential loss of money. Students might worry about the large sum of money that they need to invest in order to pay for tuition fees. Besides, a respondent from the Maringe and Carter (2007) study quoted that he was suffering in the third academic year since he needed to work part time to support their living expenses while, at the same time, need to focus on his university studies. The worst scenario is when they are not allowed to work part time in certain host countries; which adds extra financial pressures.

Second, opportunity-cost risk is related to the value (can be in the monetary form) that an individual needs to forgo when choosing another alternative. It is believed that international students who are attending the postgraduate programmes are mostly mature adults. Some of these mature-aged students need to sacrifice the attractive career opportunities in their home country in order to further their studies. Other possible opportunity costs are missed-out promotions, loss of pensions and business partnership opportunities. Sometimes, the costs that they forgo may reach to thousand and millions of dollars.

A third risk would be referred to as family or socio-cultural risk. This is related to risk derived from the family or society as general (Maringe & Carter, 2007). The mature-aged students worry that their children at home could not catch up with the primary and secondary educational learning progress, when they are away for their HE studies. Mature-aged students' children will be influenced by negative social behaviour due to a lack of parental care. Some mature-aged students may also be concerned that their children may not be following the religious obligation and duties due to their absence.

Fourth, legal administrative risk is related to risk arisen from the HE management providers and regulators. The host country's laws pertaining on the visa procedures are being inconsistent with the home country (Maringe & Carter, 2007). Some countries are quite restrictive in terms of international students' visa renewal processes and complicated forms to complete and long processing times. Also, some countries have stringent visa policies in terms of working restrictions upon post-completion time. For example, HE recruitment in the UK has become less attractive given stricter visa regimes implementation in April 2012 which makes it more difficult for international students to secure a job after graduation (Howson, 2014). This will affect overall HE learning experience in the host country.

Finally, academic risk is related to perceived fear of failure in the academic assessments. Maringe and Carter (2007) suggested that the international students in their study were often anxious of getting poor results due to the need to work part-time to support their living expenses. Often, this fear is justified as essential in influencing their decision to

study at which university that seems to be stricter to pass the examination. Beffy, Fougère and Maurel (2009) describe that there is a negative relationship between working part-time and academic achievement, depends on the number of working hours. When the number of hours worked per week is high, it significantly lowers a student's chance to achieve higher academic performance.

Conceptual framework and hypotheses:

Despite the importance of risk in students' decision making for overseas HE learning, not many research highlight this element. As such, this study proposes a conceptual framework linking perceived risk into student motivational factors on selecting HE abroad. The framework consists of two latent variables; push and pull factors. The pull factor will be moderated by the proposed perceived risk linking to HE destination choice which is the dependable variable. The model is illustrated in Figure 1.

Research Hypotheses:

The illustrated conceptual framework enables us to investigate the following research hypotheses;

Ha: Push factors positively influence the international students' destination choice.

Hb: Pull factors positively influence the international students' destination choice.

Hc: Perceived risks moderate the pull factors negatively in influencing the international students' destination choice.

Hd: Perceived risks negatively influence the international students' destination choice.

Conclusion:

So far, the research on the international higher education has focused on several aspects namely institution and programmes factors that might influence international students' choice. Very little literature has focused on highlighting perceived risk element which may play an essential role in their decision making choice. Though a host university has good academic programmes, established brand image, up-to-date facilities, strong collaboration and partnership with other universities and industries; however, if a student is fear and anxious about some issues at the host country ranging from financial burden, local crime, academic performance, visa policy to lack of parental care at home, these could attribute in their decision for selecting a country or host institution. As such, our study aims to contribute in the current HE decision making literature.

Somehow the nature of the study itself has caused the researchers some limitations. As a conceptual paper, it intends to investigate the underlying factors in the current higher education; moderated by the different perceived risks. Therefore, future research needs to be carried out

empirically to investigate further on the proposed relationships.

This research is an ongoing bigger project on international students' decisions to study in Malaysia with various motivational values and involving a multi methodological and statistical approach. To be more accurate, home participants should be included in this project rather than international students who already studying in Malaysia. This is because the students who will be

participating later in the research survey are considered as expressing their views at the post-purchase behaviour of decision making which is 'recalling memory' basis. Online questionnaires can be developed and distributed to the various potential international students at the respective home countries who consider to study in Malaysia. It takes a good collaboration with the local schools, education agents and relevant partners.

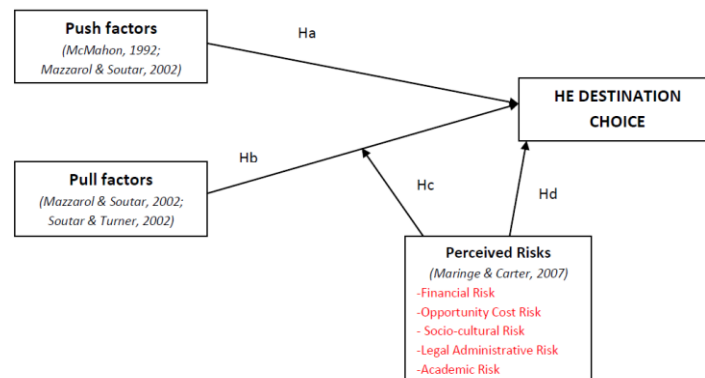


Fig. 1: A proposed *push pull-risk* model of international students' HE destination choice.

REFERENCES

Altbach, P.G. and J. Knight, 2007. The internationalization of higher education: Motivations and realities. *Journal of studies in international education*, 11(3-4): 290-305.

Armstrong, G., S. Adam, S. Denize and P. Kotler, 2014. *Principles of marketing* (6th eds). Australia: Pearson Publication.

Arrifin, A.A.M., A.H. Ahmad and M.S. Ibrahim, 2008. Determining decision making styles and demographic differences in selecting higher education services among Malaysian. *International Journal of Business and Society*, 9(1): 1-18.

Bauer, R.A., 1960. Consumer behaviour as risk taking. In D.F. Cox (eds.). *Risk taking and information handling in consumer behaviour*. Cambridge: Harvard University Press: 389-398.

Beffy, M., D. Fougère, and A. Maurel, 2009. *The effect of part-time work on post-secondary educational attainment: New evidence from French Data*. Bonn: Institute for the Study of Labour.

Buttner, O.B., S. Schulz and G. Silberer, 2006. Perceived risk and deliberation in retailer choice: Consumer behaviour towards online pharmacies. *Advances in Consumer Research*, 33:197.

Chapman, D.W., 1986. A model of student college choice. *Journal of Higher Education*, 52(5): 490-505.

Chapman, A. and D. Pyvis, 2006. Quality, identity and practice in offshore university programmes: Issues in the internationalization of

Australian higher education. *Teaching in Higher Education*, 11(2): 233-245.

Cheng, M.Y., A. Mahmood and P.F. Yeap, 2013. Malaysia as regional destination hub: A demand-side analysis. *Journal of Higher Education Policy and Management*, 35(5): 523-536.

Cunningham, L.F., J.H. Gerlach, M.D. Harper and C.E. Young, 2005. Perceived risk and the consumer buying process: internet airline reservations. *International Journal of Service Industry Management*, 16(4): 357-372.

Davey, G., 2005. Chinese students' motivations for studying abroad. *International Journal of Private Education*, 2: 16-21.

Gautam, V., 2011. The impact of promotion on enrolment of students into private schools. *International Forum of Teaching and Studies*, 7(2): 63-69.

Glover P., 2011. International students: linking education and travel. *Journal of Travel and Tourism Marketing*, 28(2):180-195.

Harrison, D., 2010, April 1. Foreign students shun Victoria. Retrieved Jan 25th, 2015, from The Age [Online] via access: <http://www.theage.com.au/victoria/foreign-students-shun-victoria-20100331-revr.html>.

Higgins III, W.J. and J.F.L. Jackson, 2003. Understanding the collegiate experience for Asian international students at a Midwestern research university. *College Student Journal*, 37(3): 379.

Hemsley-Brown, J., 2012. The best education in the world: reality, repetition or cliché? *International*

students' reasons for choosing an English university. *Studies in Higher Education*, 37(8): 1005-1022.

Howson, C., 2014. Drop in foreign student numbers: Are UK universities too complacent? *The Guardian*. [Online] Available at: <http://www.theguardian.com/higher-education-network/blog/2014/apr/04/drop-foreign-student-numbers-uk-universities-too-complacent>.

Lam J.M.S., A.A.M. Ariffin and A.H. Ahmad, 2011. Edutourism: Exploring the push-pull factors in selecting a university. *International Journal of Business and Society*, 12(1): 63-78.

Lam, J.M.S., S.F. Yeo, S. Tan, V.S. Chong and Y.L. Oh, 2014. Does 'voyage image' affect overseas education choice? *Australian Journal of Basic and Applied Sciences*, 8(5): 539-545.

Lim, K.L., G.N. Soutar and J.A. Lee, 2013. Factors affecting investment intentions: A consumer behaviour perspective. *Journal of Financial Services Marketing*, 18(4): 301-315.

Llewellyn-Smith, C. and V.S. McCabe, 2008. What is the attraction for exchange students: The host destination or host university? Empirical evidence from a study of an Australian university. *International Journal of Tourism Research*, 10(6): 593-607.

Lu, T.Y. and H. Adler, 2011. Perspectives of international undergraduate students in hospitality and tourism management programs in the United States: Implications for educators and administrators. *Journal of Hospitality & Tourism Education*, 23(3): 16-25.

Maringe, F. and S. Carter, 2007. International students' motivations for studying in UK HE: Insights into the choice and decision making of African students. *International Journal of Educational Management*, 21 (6): 459-475.

Mazarrol, T. and G.N. Soutar, 2002. Push-pull factors influencing international student destination choice. *International Journal of Educational Management*, 16 (2): 82-90.

McMahon, M.E., 1992. Higher education in a world market: an historical look at the global context of international study. *Higher Education*, 24(4): 465-482.

Nachatar Singh, J.K., J. Schapper and G. Jack, 2014. The importance of place for international students' choice of university: A case study at a Malaysian university, *Journal of Studies in International Education*, 18(5): 463-474.

Oreopoulos, P. and U. Petronijevic, 2013. Making college worth it: A review of research on the returns to higher education (No. W19053). National Bureau of Economic Research.

Owens, J., 2010. Indian students in fear after Brisbane stabbing. Retrieved Jan 26th, 2015, from The Australian News [Online] via access: [http://www.theaustralian.com.au/news/nation/indian-students-in-fear-after-brisbane-stabbing/story-e6frg6nf-](http://www.theaustralian.com.au/news/nation/indian-students-in-fear-after-brisbane-stabbing/story-e6frg6nf-1225891815088?nk=54b303826642450a460df5e0de5ce28a)

[1225891815088?nk=54b303826642450a460df5e0de5ce28a](http://www.theaustralian.com.au/news/nation/indian-students-in-fear-after-brisbane-stabbing/story-e6frg6nf-1225891815088?nk=54b303826642450a460df5e0de5ce28a).

Padlee, S.F., A.R. Kamaruddin, and R. Baharun, 2010. International students' choice behaviour for higher education at Malaysian private universities. *International Journal of Marketing Studies*, 2(2): 202-211.

Pandian, A., S.B. Baboo, and O.H. A. Mahfoodh, 2014. Influence of multiculturalism on the study programs in Malaysian public universities: international students' perceptions. *Studies in Higher Education*, (in press).

Quintal, V.A., J.A. Lee and G.N. Soutar, 2010. Tourists' information search: the differential impact of risk and uncertainty avoidance. *International Journal of Tourism Research*, 12 (4): 321-333.

Quintal, V.A. and I. Phau, 2014. Examining consumer risk perceptions of prototypical brands versus me-too brands. *Journal of Promotion Management*, 20(2): 115-135.

Shanka, T., V. Quintal and R. Taylor, 2006. Factors influencing international students' choice of an education destination: A correspondence analysis. *Journal of Marketing for Higher Education*, 15(2): 31-46.

Soo, K.T. and C. Elliott, 2010. Does price matter? Overseas students in UK higher education. *Economics of Educational Review*, 29(4): 553-565.

Soutar, G.N. and J.P. Turner, 2002. Students' preferences for university: a conjoint analysis. *International Journal of Educational Management*, 16(1): 40-45.

Sweeney, J.C., G.N. Soutar and L.W. Johnson, 1999. The role of perceived risk in the quality-value relationship: a study in a retail environment. *Journal of Retailing*, 75(1): 77-105.

Tan, J., 2013. Introduction. In UNESCO Bangkok Report (Eds.), *The International Mobility of Students in Asia and the Pacific* (pp. 1-5). Paris, France: United Nations Educational, Scientific and Cultural Organisation (UNESCO) Publication.

Tham, S.Y., 2013a. From the movement of itinerant scholars to a strategic process. In S.Y. Tham (Eds.), *Internationalising higher education in Malaysia: Understanding practices and challenges*. (pp. 1-17). Singapore: Institute of Southeast Asian Studies Publication.

Tham, S.Y., 2013b. Private higher education institutions: Development and internationalisation. In S. Y. Tham (Eds.), *Internationalising higher education in Malaysia: Understanding practices and challenges*. (pp. 66-86). Singapore: Institute of Southeast Asian Studies Publication.

The Star, 2013. New varsity, the result of UM's foreign tie-up. Retrieved Jan 25th, 2015, from The Star Online via access: <http://www.thestar.com.my/News/Education/2013/06/02/New-varsity-the-result-of-UMs-foreign-tieup/>.

Trahar, S., 2014. This is Malaysia. You have to follow the custom here: Narratives of the student

and academic experience in international higher education in Malaysia. *Journal of Education for Teaching: International Research and Pedagogy*, 40(3): 217-231.

Wilkins, S. and J. Huisman, 2011. Student recruitment at international branch campuses: Can they compete in the global market? *Journal of Studies in International Education*, 15(3): 299-316.

Zheng, P., 2014. Antecedents to international student inflows to UK higher education: A comparative analysis. *Journal of Business Research*, 67(2): 136-143.