

INTERNAL AND EXTERNAL FACTORS AFFECTING PROSPECTIVE STUDENTS' DECISION TO CHOOSE THE PRIVATE COLLEGE IN SURABAYA (CASE STUDY OF NEW STUDENTS OF STIE MAHARDHIKA SURABAYA)

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ABSTRACT

This study aims to determine the effect of each independent variables both internal and external factors on the decision to choose STIE Mahardhika Surabaya.

The approach used in this research is quantitative research using validity and reliability test, regression analysis, t-test and F test. The research proves that the product, promotion, influence of family, culture and reference group significantly influence buying decisions. Meanwhile, price, place, and social class had no significant effect. The dominant influence is from Product and the negative influence is from promotion factors. Both internal and external factors are influencing the choosing decision of college in Surabaya.

Keywords: marketing mix, Family Influence, Social Class, Culture, Group Reference, choosing decision

INTRODUCTION

Private college has an important role in education service for the community especially student candidates who failed to enroll in state universities. The competition of higher education providers is very strong nowadays, especially in Surabaya, Indonesia. Then, every provider is facing the problem in quality to grab students. One of the ways to attract student candidates is high school visit. Beside the quality, the credibility of that college is important as well.

There are some factors affecting the student candidate to choose the campus to study such as product (campus image, system and learning concept, accreditation status and its lecturers), price (affordable price, payment requirements, scholarship), place (library, building, facilities, environment and services) and Promotion (such as alumni's success and guarantee to get jobs afterwards). Those factors are internal. While external factors can be from family influence, social class, culture and reference. All factors are marketing mix to be used by private colleges in Surabaya. In this case, all the private colleges in Surabaya have to understand the consumer behavior accurately.

This study focuses in research held in a private college in Surabaya, STIE Mahardhika Surabaya, established in 1981 with strong orientation and internationally standard. The objectives of this study is to analyze the internal and external variables and find the dominant variable that affecting student candidates to choose STIE Mahardhika Surabaya, Indonesia.

LITERATURE REVIEW

Marketing

It is well-known that according to Kotler (2009), marketing is human's activity to fulfill the needs and wants through trade. Furthermore, Kotler and Armstrong (2012) stated that marketing is a social and managerial process to make individuals and groups get what they need and want through creation and value trade with others.

Consumer Behavior

Solomon dan Stuart (2006) stated that "Consumer behaviour is the process individuals or groups go through to select, purchase, or use goods, ideas, or experiences to satisfy their needs dan desires".

Factors influencing consumer behavior are: external and internal. External is factor such as family, social class, culture, strategic marketing and reference group. Internal factor is product, price, place and promotion.

Marketing Mix

Marketing mix is strategy to combine marketing activities, to create maximum combination to get the most satisfied result (Alma, 2009). Sumarmi and Soeprihanto (2010) explained, "Marketing mix is combination of variables and activities from marketing system, product, price, place and promotion.

Buying Decision

Buying decision is a integrating process to combine the knowledge in evaluating two or more alternative behavior and choose one of it (Nugroho, 2003). The role of buying explains the pushing factors to make decision is influenced by some people involved in the process (Hasan, 2008).

CONCEPTUAL FRAMEWORK

This study used conceptual framework as below:

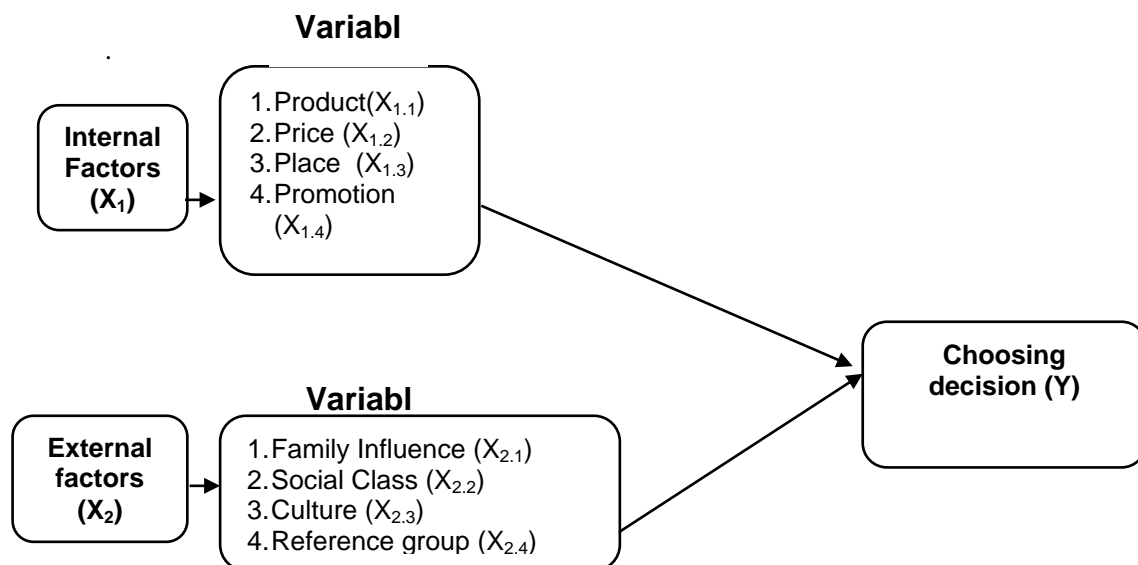


Figure 1. Conceptual Framework

RESEARCH METHODS

This study used descriptive research with the population of new class at semester 1 in Management Study Program totaled 191 students. Using slovin Formula, the sample used here is 66 respondents, drawn by non probability sampling.

The indicators of variables used in this research are as shown in Table 1.

Table 1. Research Operational Variables

No	Variables	Variables definition	Sub Variables	Variables indicators	measurements
1	Internal Factors	Internal factors are as product, price, place and promotion.	1.Product (X ₁)	1. College image (X _{1,1}) 2. Learning system and concept (X _{1,2}) 3. Accreditation status (X _{1,3}) 4. Professional Lecturer (X _{1,4})	Likert Scale 1 s.d 5
			2.Price (X ₂)	5. Low price (X _{2,1}) 6. Terms of payment (X _{2,2}) 7. Discounts (X _{2,3}) 8. Scholarship (X _{2,4})	
			3.Place (X ₃)	9. Library (X _{3,1}) 10. Building (X _{3,2}) 11. Facilities (X _{3,3}) 12. Environments (X _{3,4}) 13. Campus Services (X _{3,5})	
			4.promotions (X ₄)	14. Alumni's success (X _{4,1}) 15. Guarantee to get jobs afterwards (X _{4,2})	
2	External factors	External factors is about family, social class, culture, strategic marketing and reference groups.	1.Family influence (X ₅)	16. Support from parents and siblings (X _{5,1}). 17. Own willing (X _{5,2}). 18. Coercion from parents (X _{5,3}).	Likert Scale 1 s.d 5
			2.social class (X ₆)	19. Want to enhance life (X _{6,1}). 20. Want to get better job (X _{6,2}). 21. Want to increase status higher than others. (X _{6,3}).	
			3.Culture (X ₇)	22. Family tradition (X _{7,1}). 23. Environment influence from surroundings (X _{7,2}).	
			4.reference group (X ₈)	24. School mates (X _{8,1}). 25. Friends of surroundings (X _{8,2}). 26. Hang-outs friends (X _{8,3}). 27. Family information (X _{8,4}).	
3	Choice decision (Y)	Buying decision as the choice decision is an integrating		1. Product (Y _{1,1}) 2. Price (Y ₂) 3. Place (Y ₃) 4. Promotion (Y ₄)	Likert scale 1 s.d 5

	process that combined knowledge to evaluate two or more alternative behavior and choose one of it		5. Family influence (Y ₅) 6. Social class (Y ₆) 7. Culture (Y ₇) 8. Reference group (Y ₈)	
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DISCUSSION

The result of the test towards the indicators of variables shows that the multiple linear regression equation is:

$$Y = 0,001 + 0,365 X_1 + 0,079X_2 + 0,033 X_3 - 0,161X_4 + 0, 237 X_5 + 0, 098 X_6 + 0,187 X_7 + 0,228 X_8$$

The result shows that the biggest influence will support by variable X1 (product) and the least is place (Variable X3). But promotion (X4) will not support the choice as the value is negative. It means the additional of promotion will decrease the buying decisions. Results of the study explained that the variable product, promotion, family influence, culture and reference group significantly influence buying decisions. While the variable price, place and social class does not significantly influence the purchasing decision. However R² value is 0.734 or 73.4% the changes of dependent variable can be explained by these independent variables and the rest of 26.6% is affected by other variables out of this study. The dominant variable is X1 with the coefficient correlation partial value is 0.638.

Based on the result, the most important factor to influence the choice of prospective students of STIE Mahardhika Surabaya is product (X1) which are consists of some indicators such as, college image, learning system and concept, accreditation status, and professional lecturer. The other internal factors, such as price, place and promotion are not significantly influencing the choosing decision because STIE Mahardhika has set the price based on standards of college in Surabaya.

The external factors, especially family and reference groups are influencing in choosing decisions, because the enrolled students will usually recommend STIE Mahardhika to their siblings or families and even friends, to study in STIE Mahardhika. Thus, most of current students know STIE Mahardhika from their friends and families. The other external factors, such as tradition are not really influencing, but still be considered by the students. Ideally, they think that becoming college students will give more advantage than high school graduates.

STIE Mahardhika as an education service institution is normally as other campuses trying to enhance its product quality, which is education service because it is one of competitive advantage sources to survive in the education service business in Surabaya and this is what the prospective students really need when they decide to pursue higher education. However, it doesn't mean that other factors are not important or required because this sample taken from prospective students at STIE Mahardhika and if the sample is broadened, perhaps the result will be different although product and reference group are still be considered as the most important factors in choosing college in Surabaya.

CONCLUSION

Internal independent variable factor that consists of product and promotion significantly influence the decision to choose STIE Mahardhika Surabaya. The independent variable external factors consist of family influence, culture and reference group significantly also influence the choosing decisions to STIE Mahardhika Surabaya. The independent variable, product (X1), those are about campus image, professional lecturer is the dominant influence on the decision to

choose to study at STIE Mahardhika Surabaya. While from the external factors, the most important is reference groups.

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