International Students Destination Loyalty Behavior: Conceptual Framework for Emerging Destinations

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ABSTRACT

The encroachment of marketing theories into education services through up some research challenges resulted in different models. However, previous focuses were more on student’s satisfaction, leaving out retention which has been adjourned to save cost, energy and time than recruitment. Therefore, this study conceptualized an integrated framework for loyalty study in international higher education from marketing perspective. The objective is to integrate variables applicable to situation of developing country sourcing international students from developing countries. The liberalization of education sector encouraged by globalization resulting from reduced government finances and economic gains attached to international education services gave rise to emerging education destinations. This study contributes to theory by proposing an integrated model for loyalty behavior in international education. Also contributes to practice by identifying variables that will encourage students to continue their study, re-enroll for next degree, recommend the country and speak well of the destination. Malaysia stands to gain from the prepositions and variables in this study. The study is limited by its very nature of being a conceptual study, thus empirical study is recommended.

Keywords: Loyalty, Student Destination, Tertiary Education

JEL Classifications: J10, M10

1. INTRODUCTION

Education services all over the world used to be government responsibility until recently (Altbach and Knight, 2007). The conviction that education provide needed human resources required to galvanize other sectors of the economy is the premise for massive government involvement. However, the reduction in government investment in education sector is in line with the realities of the new millennium (Arambewela and Hall, 2009). These realities span from the need to improve quality, provide varieties, liberalize the market and step up competitions which are the basis for private driven economic policies (Thomas, 2011). Interestingly, the theories from marketing perspective had to be smuggled into education services to realize the full benefits of increased private participation (Hemseley-Brown and Oplatka, 2006).

Malaysia is one of the fast growing emerging destinations and witnessing increasing influx of international students mostly from developing countries within and outside Asia (Biodun et al., 2012). In order to provide enabling environment, Malaysia government laid solid foundation for education sector liberalization by passing three important legislations and amended relevant laws to accommodate establishment of local and foreign higher education institutions (Akiba, 2008). These are: (1) National Council on Higher Education Act, (2) Private Higher Education Institutions Act and (3) National Accreditation Board Act. In addition, the laws provide for partnership, twining and wholly set up of foreign campuses in Malaysia while supporting home grown private institutions (MOE, 2010). Some levels of management and financial autonomy were granted to a few public universities to enable them compete favorably with other institutions in or
outside Malaysia (Fernandez, 2010). This singular measure accelerated transformation from state control to market driven higher education sector in the country. Thus, Malaysia has since joined the league of education exporting countries. However, the fee charging system and international students’ recruitment efforts may result into consumerist behavior in terms of demand for value of money by students (Maringe and Carter, 2007).

In order to create an effective marketing plan, there is need to understand student’s behavior under intensive competition in a liberalized education market. Malaysia as an emerging educational destination is strategically positioned to dominate the market share within the South East Asia (MOE, 2014). Presently, it occupied 2% global share of international education market and set a target of recruiting not fewer than 200,000 international students to the country by the year 2020 (EMGS, 2015). If the target is met, the country will be ahead of Singapore, China, India, Thailand, Indonesia, Vietnam and other countries within the region threatening its market share. It will also increase global share to about 5%. To achieve this, unique feature of differentiation which obviously promotes loyalty is the market strategy. Hemsely-Brown and Oplatka (2006) note that there are other marketing strategies to be explored in education sector using theories of consumer behavior in marketing. Loyalty from destination perspective of international students is under research (Mazzanol and Soutar, 2012). Students’ loyalty to destination has the potential to increase overall country education performance by retaining existing students and attract new students to the destination (Keiningham et al., 2008).

As the international competition in higher education is increasing due to growing demand for foreign studies, there is need to investigate the potential competitive advantages inherent in various countries. Thus, the needs to understand international student’s loyalty behavior from the experience of an emerging destination like Malaysia. This research aims to identify different attributes that encourage international students not only to choose a country but also to remain loyal to the country by continuing their studies and recommend the country to potential students.

### 2. LITERATURE REVIEW

In other to fully apply marketing theories in education services, there is need to understand three parameters: First the consumer decision making process under competitive market; second the nature and peculiarities of education services; and finally the variables that triggers loyalty behavior. Since this study is conceptual, the chosen variables were from previous literature and theoretical models. Extant literature identified student’s experience, country image, education value, student’s satisfaction and destination brand loyalty.

#### 2.1. Decision Making Process

The model for consumer decision making process used in marketing theories is the five stage process by famous marketing researcher Kotler (2003). According to him, the first stage is the problem recognition, follow by information search, then evaluation of alternatives, purchase decision and finally post-purchase appraisal. Since loyalty is a consumer behavior, these five stages can be applied to international student’s destination loyalty decision. However, previous researchers that applied the model in higher education focused institutions and selection process (Maringe and Carter, 2007; Moogan, 2003) rather than the country and decision to be loyal examine in this study. Thus, this study conceptualized the applicability of this ground theory in post-purchase decision making like loyalty (Figure 1).

From the model above, loyalty decision start from motivation or recognition of issues based on previous experiences, then search for information by comparing and contrasting situations at other destinations, then critically evaluate alternatives rationally or irrationally, a purchase decision is made afterward, finally a reassessment of the decision is done (Kotler, 2003). There are however, two other factors recognized by Ajzen and Fishbin (1991) to mediate between purchase intention and purchase decision in consumer theory. The subjective norm (attitude of significant others) and perceived behavioral control (unanticipated situational factors). Integration of attitude with these two factors is the thrust of theory of planned behavior (TPB). This study focuses on the last stage which is post-purchase decision but intention does not necessarily translate to decision, hence the need to understand various aspects of loyalty behavior (Cubillo et al., 2006).

Ajzen and Fishbin (1991) TPB characterized the attributes of decision influencer to be three: Attitude, subjective norm and perceived behavioral control. This stage is in-between evaluation of alternatives and purchase decision in the consumer decision process model (Figure 2).

As stated earlier, these factors intervene between loyalty intention and loyalty decision. Interdependency nature of human creature allowed for action or inaction of others to interfere with our intention or decision. This is great if the person is placed on high pedestal as significant others (Ajzen, 2002) see Figure 3. Similarly, the easy or difficulty at discharging prior task influences future decision, for instance sudden death of student sponsor or denial of visa could pose a challenge. Once our attitude is positively disposed, significant others like our mentors, teachers, friends or family approve of it and little or no difficulty was encountered in previous action, then the intention will be favorable. Ajzen and Fishbin (1978) empirically justified the measurement of behavior through intention. Relying on this argument, decision to be loyal to the study destination will be positive.

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**Figure 1:** Five stages model of consumer decision making process (Kotler, 2003)
Figure 2: Theory of planned behavior

Figure 3: Contemporary education-tourism destination loyalty model

However, the focus is not on consumer behavior alone but also the marketing strategies involved in making a decision. Therefore, the parameters of marketing used in transactional and relationship marketing are being tested in various segments of education consumption including loyalty behavior (Hemsely-Brown and Oplatka, 2006). To achieve this, the peculiarities in the nature of education services need to be enumerated.

2.2. Nature of Education Services

Service is generally human support endeavors carried in various aspect of life. A service could mean an industry, a performance, an output, an offering or a process depending on the service industry in question. The changes resulting from globalization and internationalization of higher education put pressure on education service providers (institutions and countries) to imbibe marketing theories for recruitment and retention. However, famous marketing researchers Zeithaml et al. (1985) came up with certain characteristics of services in marketing. They are; intangibility, heterogeneity, perishability and inseparability of production and consumption. These unique characteristics of service marketing are applicable to educational services but require some strategic marketing skills (Keller, 2008).

The intangible aspect of service implies that it cannot be seen, touched, tasted or possessed, however it can be perceived (Zeithaml et al., 1985). The perception could be from country image, institution image or people image (Cubillo et al., 2006). Perception is the base line for consumer pre-consumption judgment (Kotler, 2003). The intangible nature of services gives room for varying assumptions by the customers and set expectations standard. If the customer now consumed the service and feel greater than his/her expectation, customer become delighted and if below expectation dissatisfaction occurred (Parasuraman et al., 1988). No student can touched, smelled or taste education services, hence there is need to design measurement of student’s perception of the services rendered by institutions (Mazzarol, 1998). In addition, intangibility limits communication between services and consumer. The issue of appropriate price in service industry is a challenge emanating from intangibility.

The heterogeneity nature is a great challenge, no service can be perform by two individual and expect same result (Zeithaml et al., 1985). Even for a single person, he could record varying result at different time, day or situation. Therefore, the quality of service could vary from producer to producer, consumer to consumer, and from day to day (Zeithaml et al., 1985). This is the more reason why student assessments of institutions are often different despite government efforts at maintaining uniform standard across board. More so, service assessment in education vary according to circumstances such as year to year, class to class, student to student, lecturer to lecturer (Owlia and Spindwall, 1996).

The inability of storing or saving service posed synchronization challenges between supply and demand in service industries. This is referred to as perishability (Zeithaml et al., 1985). Unlike products, services cannot be preserved or store in a retriever form, hence it is assessed immediately.

The last on the list of four characteristics is the simultaneous production and consumption of services. This is particular to education services where lecturer and student interact closely at the point of impacting knowledge and assimilating knowledge (Mazzarol, 1998). The multilevel interaction at higher education institutions to generate services make the assessment complicated thereby giving room for different service judgment by the students (Owlia and Spindwall, 1996).

Apart from the general characteristics above, services are also consumed in two-fold; the core service and the auxiliary services. While the core is the target and main service purchased, the auxiliary in most cases are either complementary or jointly acquired (Cubillo et al., 2006). For instance, establishing an institution without providing accommodation will pose challenges to the students. In some cases, core services are difficult to alter, providers resolve to changing auxiliary services to differentiate them from their competitors (Keller, 2008).

In international education destination like Malaysia, students receive pack of core educational services at their respective institutions but the periphery services related to their stay in Malaysia are provided by the country. These include security, infrastructure, socials, sports and recreations. All these macroeconomic variables influences student loyalty decision making (Cubillo et al., 2006). Once the experience is impressive, student will not only continue study but also recommend the country to potential students.
2.3. Education Destination

The search for international studies has opened up many countries in recent years because of its significant economic contributions to the financial health of these destinations. The traditional destinations are English speaking native countries of USA, UK, Canada and a few French and German speaking countries respectively (OECD, 2012). The global market shares of these major countries are USA 19%, UK 10%, Australia 7%, France 7%, Germany 7%, Canada 5.5% (OECD, 2012). The major source countries feeding these destinations are New Zealand, Korea, Japan, China, India, Indonesia, Middle East and African countries (Arambewela and Hall, 2009).

However, the pattern of movement is changing and tilting towards the Asia and pacific as emerging destinations (UNESCO, 2013). The hitherto source countries are now host countries to international students from within and outside Asia continent. Leading in this category are Singapore, China, Malaysia, India, Thailand, Vietnam and Indonesia. The volume of movement to Western countries declined significantly after the September 11 incidence (Morshidi, 2008). This created a market opportunity for multi-cultural and Muslim dominated countries like Malaysia to take advantage of large international students from Arab Nations in search of study destination. Though, the global demand for higher education is not likely to decline in the nearest future, the emerging destinations are no doubt reducing the global market share of the major exporting countries (Arambewela and Hall, 2009).

2.4. Positioning Malaysia as Education Destination

Malaysia used to send students to study at major education destinations prior to implementation of liberalization policy in 90s that heralded the expanded infrastructure and massive international students’ recruitment (Baharun et al., 2011). The Country spent millions of Ringgit Malaysia to train her citizens in professional fields like medicine, engineering and management in countries like USA, UK, Australia, Germany and Egypt (Padlee and Yaakop, 2010). However, the Asia financial crisis which prompted the need for prudent resource management crystalizes the adoption of market driven higher education system in the country (Akiba, 2008). The massive infrastructural development and expansion of tourism product was an attraction strategy couple with peaceful and secured environment (weather, security, multi-religion, multi-cultural) facilitated the implementation (Akiba, 2008). The Table 1 shows top 10 countries Malaysians studied and top 10 countries in Malaysia for study.

2.5. International Students’ Loyalty Behavior

In marketing, customer loyalty has been studied in wide range of products and services (Chen and Tsai, 2007; Suhartanto, 2011; Hashim et al., 2015; Forrell et al., 1996; Oliver, 1999). However, the nature of higher education services and the characteristics of international students restricted the application of loyalty behaviors into education market. The concept of students as customer propelled by market driven educational services made it inevitable to experiment in theory and practice of higher education (Brookes, 2003; Hill, 1995). To this extend, both attitudinal and behavioral loyalty has been studied in higher education (Sheu, 2011; Helgesen, and Nesset, 2007; Hashim et al., 2015). While the attitudinal loyalty is expressed by actions of students such as word of mouth, intentions and recommendation to potential students, the behavioral loyalty is expressed by re-enrolment, continuous study and faithfulness of students to the destination (Oliver, 1999).

Table 1: Top 10 source and host countries for Malaysia

<table>
<thead>
<tr>
<th>Source countries</th>
<th>Number of students</th>
<th>Destination countries</th>
<th>Number of students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iran</td>
<td>11,823</td>
<td>Australia</td>
<td>20,494</td>
</tr>
<tr>
<td>China</td>
<td>10,214</td>
<td>United Kingdom</td>
<td>13,796</td>
</tr>
<tr>
<td>Indonesia</td>
<td>9889</td>
<td>Egypt</td>
<td>8611</td>
</tr>
<tr>
<td>Yemen</td>
<td>5866</td>
<td>USA</td>
<td>6100</td>
</tr>
<tr>
<td>Nigeria</td>
<td>5817</td>
<td>Indonesia</td>
<td>5588</td>
</tr>
<tr>
<td>Libya</td>
<td>3930</td>
<td>Taiwan</td>
<td>5133</td>
</tr>
<tr>
<td>Sudan</td>
<td>2837</td>
<td>China</td>
<td>2792</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>2252</td>
<td>Russia</td>
<td>2521</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>2041</td>
<td>New Zealand</td>
<td>2305</td>
</tr>
<tr>
<td>Botswana</td>
<td>1911</td>
<td>India</td>
<td>2175</td>
</tr>
</tbody>
</table>

Source: MOHE, Malaysia (2010)

In this study, the concept is to propose a model for international student’s loyalty behavior to Malaysia as a study destination. Oliver (1999) viewed a truly loyal customer to be both attitudinal and behaviorally loyal to the brand, thus composite loyalty which consisted of the characteristics of both is being considered in this study. Loyalty of international students to Malaysia will be gauge based on the demonstration of attitudes and repeat purchase behavior.

Sheu (2011) study of loyalty viewed international student’s behavior from the point of favorable and unfavorable behavior. While former include positive words of mouth, recommendation, and re-enrolment, the latter exhibited complaint behavior, negative word of mouth and in some cases attrition. The real and imaginary post-purchase decision from the perception of students from third world country undertaking a study at a developing country is the concept of the proposed drivers, relationship and model in this study.

2.6. Drivers of Student’s Loyalty Behavior

The decision to be loyal is considered as high involvement decision because many attributes will be evaluated to arrive at the final decision. Extant literature identified student’s experience, country image, education value, and student satisfaction to influence international student destination loyalty behavior (Hanaysha et al., 2012; Sheu, 2011; Hashim et al., 2015). These variables were selected based on the situation of education destination under investigation (from emerging countries to emerging country). However, previous studies concentrated on recruitment perspective (Mazzarol and Soutar, 2002), but retention has been found to trigger business performance in marketing (Keiningham et al., 2008). Therefore, this study proposed relationship for the factors from retention angle.

2.7. Student’s Experience

The general saying that experience is the best teacher used in social psychology is applicable to loyalty decision making process. Loyalty to education destination is a post-consumption decision (Firdaus, 2006). Previous encounter by the student of both
education and non-education services provided by the country will influence international students loyalty decision (Thomas, 2011). Significant percentage of international students in Malaysia is from developing countries within and outside Asia (Baharun et al., 2011). Therefore, the experience of these students with both micro and macro facilities provided by the country and their perception of it will determine their decision to continue their studies, register for next degree in the country and recommending the country to other potential students (Thomas, 2011). A worthwhile experience will promote positive loyalty while a bitter experience trigger attrition and negative words of mouth. Thus, this study proposed a positive relationship between students’ experience and destination loyalty (Abdullah, 2006).

Satisfaction is one of the frequently studied variables in marketing. This is because satisfied customers have tendencies to increase business performance by remaining loyal and also become official marketing agent of the product or service thereby reducing the communication cost of the provider (Yoo and Park, 2007; Chitty et al., 2007). Studies have found positive relationship between satisfaction and loyalty in B2B and B2C businesses (Clemes et al., 2007; Rohaizat, 2004; Biodun et al., 2012; Hanaysha et al., 2012). Studies have also empirically validated mediating effects of satisfaction on loyalty studies (Sheu, 2011; Wilkins et al., 2011). However, little studies have been conducted on the moderating effect of satisfaction in service marketing particularly education services (Chen, 2008). This study therefore, proposed a moderating effect of satisfaction between student’s experience and destination loyalty. Thus, the follow hypotheses are developed:

H1: Student’s experience is positively related to destination loyalty.

H2: Satisfaction moderate the relationship between experience and loyalty.

2.8. Perceived Image of the Country

The perception of image is a significant differentiation strategy in marketing (Kotler, 2003). However, perceived image play dual roles in student’s decision making process. Pre-consumption and post-consumption influences (Brown and Mazarrone, 2009). The former is sourced from advertisements, promotion materials and words of mouth, while the latter is from student’s experience. Aaker and Joachimsthaler, (1999) contend that customer experience with the products or services is the most important. Post-consumption image of a country focuses the general impression or opinion held about the people and how the services are delivered at the host country (Hakala et al., 2013). In this study, international students with favorable image perception will like to remain and recommend the country in line with loyalty theory (Nguyen and LeBlanc, 2001). Therefore, we propose a positive relationship between country image and destination loyalty.

Similarly, student can hold good image of the country without necessarily being satisfy with the services received. This lead to postulation that a satisfied student will perceived better image of the country and its services (Nguyen and LeBlanc, 2001). Otherwise, complaining behavior or negative words of mouth will follow if the student is not satisfied irrespective of the image impression (Fornell et al., 1996). Therefore, destination countries must be conscious of student’s satisfaction level when creating impression in their minds. Cubillo et al. (2006) proposed three images of service provider in international education market; the image of the country, city where the student will consume the service, and the higher education institution. They suggested an integrated model of international students’ behavior in selection of study destination. However, the same parameter is valid in making loyalty decision. This study proposed the following hypotheses:

H3: Perceived image is positively related to destination loyalty.

H4: Satisfaction influences the relationship between image and loyalty.

2.9. Educational Value

In marketing theories, value played significant role in decision making process of consumers because of its evaluative comparison between what is let go and what is acquired (Zeithaml et al., 2008). When a transaction or relationship marketing occurred, the parties involved take stock of the transaction viz. all associated costs and relate it to the product or services obtained. If what is gained supersede what is lost, customer become excited. Similarly, if the lost is higher than the gain, customer felt shortchanged and rate the value of such services to be low. Chen and Tsai (2007) emphasized the contribution of value in tourism activities particularly the revisit tourist. They confirmed that there exist a clear difference between the behavior of first time visitor and a repeat visitor, and that repeater considered the value for what is let go (money, time and energy) before making decision (Chen and Tsai, 2007).

In an emerging education destination like Malaysia, international students are particularly concern about what they spend and what they learn. This is because when students’ ventured into foreign studies, they are not only buying the degree but the benefits that come with acquiring the degree such as employment and status (Binsardi and Ekwulugo, 2003). The country will profit more by making students spend less and gain more. The competition within the region and global education market generally called for strategic differentiation including providing competitive price. One of the strength of Malaysia as education destination is affordability compared to other destinations (EMGS, 2015). Like other service marketing, international students will be loyal to Malaysia if they constantly enjoyed services commensurate to the total cost incurred.

However, individual interpretation of value posed a challenge. This is where issue of student’s satisfaction intervened between value and loyalty. International students will be better off in making loyalty decision if they are satisfied with the services offered at the study destination (Sheu, 2011). Therefore, satisfaction is significant determinant of loyalty in international education marketing. But, switching cost also moderated the relationship between satisfaction and loyalty if the perceived value is above average (Yang and Peterson, 2004). This implies that switching cost will be perceived high if the student felt good value for their investment in education. This study thus, proposed the
following hypotheses in relation to educational value perceived by international students.

H5: Perceived value is positively related to destination loyalty.

H6: Satisfaction moderate the relationship between value and loyalty.

3. CONCLUSION

Hemsely-Brown and Oplatka (2006) recommendation after extensively reviewing studies on education marketing over two decades was that researches in higher education marketing is still at infant stage. They suggested strategic marketing into higher education market such as satisfaction and student loyalty. Previous researches concentrated on studying student’s behavior from the perception of third world to developed nations which used to be the traditional movement. The effect of globalization and internationalization policy has expand the horizon to accommodate different pattern of movement; developing to developed; developed to developed; developing to developing and developed to developing. The identified drivers of loyalty are by no means exhaustive, other variables used in service marketing such as service quality; commitment; personal reasons; attitude also can be tested in another model or integrated into this proposal. The authors strongly recommended empirical studies based on the proposed model to justify the weight and direction of the prepositions.

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