

EXPLORING PROSPECTIVE STUDENTS' DECISIONS TO APPLY TO GRADUATE BUSINESS PROGRAMS

Cristian Morosan, Natalya (Natasha) Delcoure, and Bahman Mirshab, Cameron School of Business,
University of St. Thomas, 3800 Montrose Blvd., Houston, TX 77006;
cmorosan@stthom.edu, delcoun@stthom.edu, mirshab@stthom.edu

ABSTRACT

Exploring the circumstances surrounding prospective students' decisions to apply to MBA programs, this study found that they request and are strongly influenced by the information provided by the university. Most prospective students seem to make their application decisions shortly after starting their information search. The most influential ways to persuade prospective students are campus visits, information about the program, and friends and relatives. They also seem to be influenced by social events (i.e., open houses), in which they have opportunities to ask detailed questions and interact with faculty and other prospective students. Universities might use these results to improve their persuasive efforts and optimize their recruiting efforts.

INTRODUCTION

As universities recognize that their markets are now well-established and global, they increasingly employ marketing theories, concepts, and methodologies proven to be effective in the business world (Hemsley-Brown & Oplatka, 2006). Such tools are meant to give them a competitive edge, which, in turn, could translate into substantial improvements in recruiting and student retention (Canterbury, 1999; Gibbs, 2002). They fall under the umbrella of the "marketing concept" and include segmentation, targeting, positioning, research into consumer behavior, branding, and advertising (Keith, 1960; Kotler, 2000; Toma, Dubrow, & Hartley, 2005). Of all marketing tools, branding (Toma et al., 2005) and advertising (Gatfield, Barker, & Graham, 1999) seem to be particularly popular despite some concerns about their decreasing popularity in mainstream business (Ries & Ries, 2002). While traditional higher education advertising has been based on a variety of print material (Mortimer, 1997), recent initiatives include technology-oriented (i.e., websites, email marketing) and more personalized approaches (i.e., social media) to influence prospective students' application decisions (Lipman Hearne, 2001).

One of the most popular academic programs among students is the Master of Business Administration (MBA), as it constantly receives praise from broad

categories of constituents, such as corporations, faculty, students, and even the press (Rapert, Smith, Velliquette, & Garretson, 2004). The growing popularity of such programs might be attributed to a growth in attractiveness of the business-related lifestyles that they can provide upon graduation (Daniels, 2000). Thus, many universities encouraged the development of MBA programs (Ivy & Naude, 2004), increasing competition among such programs. Consequently, it became gradually more difficult to attract and retain graduate students while forcing universities to become more creative in their strategies (Ponzurick, France, & Logar, 2000). But how exactly universities should design and implement such strategies, and how prospective students, specifically MBA students, respond is not completely elucidated (Hemsley-Brown & Oplatka, 2006).

In this context, understanding the circumstances under which potential students make their decisions to apply to MBA programs is paramount for the success, and sometimes for the survival, of business programs. Thus, the purpose of this study is to explore the context in which prospective students become influenced and subsequently apply for admission to MBA programs. This study follows a couple of specific objectives: (1) to explore the circumstances (i.e., sources of information used, timing) under which prospective students make their application decisions, and (2) to examine the degree of influence of various marketing tools (i.e., advertising, social events) on prospective students' application decisions.

REVIEW OF LITERATURE

To date, despite the continuous effort from academia, research in higher education marketing has not produced a complete body of knowledge (Hemsley-Brown & Oplatka, 2006), particularly with respect to marketing for graduate education (Hebron, 1989). Earlier research appeared to be geared toward problem identification and attempted to investigate the extent to which proven marketing tools can successfully be transplanted into the world of higher education (Oplatka & Hemsley-Brown, 2004). Eventually, some of these efforts resulted in practical guides on how to market universities (Kotler

& Fox, 1985), with a strong emphasis on information dissemination. The overall agreement was that the quality of information provided by the universities is at the heart of prospective students' application decisions (Briggs & Wilson, 2007).

Earlier research also noted several disagreements on how the students should be treated – as customers (Conway, Mackay, & Yorke, 1994) or non-customers (Barrett, 1996). Grounded in a traditional view of higher education, several scholars expressed their concerns with the increasing influence of market forces on academia (Oplatka, 2007; Shupe, 1999; Williams, 1996). For example, Shupe (1999) and Fowler (2003), and more recently Svensson and Wood (2007) warned about the incomplete fit of the marketing principle to academia, as it may distort academic goals (Bok, 2003; Grubb & Lazerson, 2005). Others warned about the incompatibility of the marketing concept in academia because the nature of the relationships between the sellers (universities) and the buyers (students) is, in reality, more complex than that assumed by the marketing concept.

Most consumer behavior research in higher education seems to focus on prospective students' choices (Hemsley-Brown & Oplatka, 2006) and is predominantly conducted by universities examining the long term implications of such choices (Foskett & Hemsley-Brown, 2001). In higher education, such choices are theorized to be the outcome of highly complex, extensive, and rational decision-making processes (Baldwin & James, 2000), based on continuous gathering and evaluation of information (Hossler, Schmit, & Vesper, 1999). Several scholars agree that information provided by the university (Harvey & Busher, 1996), academic reputation (Soutar & Turner, 2002), location of the university relative to the prospective student's home (Moorgan & Baron, 2003), cost of education (Hu & Hossler, 2000), and career choices upon graduation (Soutar & Turner, 2002) have a strong influence on one's application decision. Others argue that intrinsic factors such as personal priorities, family background, culture, subjective judgment (Hodkinson & Hodkinson, 1996), and the influence of others (Cole & Thompson, 1999) affect application decisions.

In graduate business education, decision making is especially complex due to the multidimensionality and intangibility of the MBA educational experiences (Nicholls & Wong, 1985). Earlier research in the information search behavior of prospective MBA students suggested that important factors influencing choice of MBA programs included the

high cost of the program, perceived differences among MBA program brands, and eventually, the infrequent nature of this type of purchase (Nicholls, et al., 1995). Competing over a limited number of prospective graduate students, graduate business programs have become increasingly aggressive in their marketing efforts (Ivy & Naude, 2004). Such marketing efforts include a mix of tools, ranging from more traditional such as viewbooks, booklets, and video and audio ads, to newer, such as Internet websites and social events. Recently, evidence of accreditation by inter-university organizations (i.e., AACSB) and rankings from independent institutions (i.e., *Business Week*, *U.S. News and World Report*, *Forbes*) became commonly used in conjunction with university-generated marketing content (Holbrook, 2004).

Due to the highly intangible nature of higher education (Harvey & Busher, 1996), prospective students cannot see clearly the benefits of their future experiences based solely on marketing material. To compensate, some seek a more personalized set of interactions with the members of the university community (Davis & Ellison, 1997). Interactive events such as open houses have been used successfully in academia to enhance information gathering and raise potential students' interest in the university (Fischbach, 2006; Lejeune, 1977). They can have a substantial impact on prospective students' and parents' attitudes toward the university (Oplatka, 2007) and can be excellent alternatives to more traditional marketing methodologies (Gray, 1991). Open houses are, in fact, believed to be excellent opportunities for universities to communicate a positive image about the university as, generally, participants are seeking and successfully satisfying their needs of gathering information about a university (Bosetti, 2004; Fischbach, 2006; Gorard, 1999; Ivy & Naude, 2004).

METHODOLOGY

A questionnaire has been built based on existing literature and included four sections: (1) *information about the MBA program*, with questions related to the quality and helpfulness of information received from the university (i.e., the extent to which information was helpful in the decision-making process); (2) *advertising media*, which included questions about the influence of the various media vehicles on the respondents' application decisions (i.e., influence of advertising, campus visits, participation in social events); and (3) *decision-making process*, which included details related to the decision-making process (i.e., number of programs considered, timing of the decision). Most

influence scales are anchored on five points, ranging from *extremely influential* to *not at all influential*. The questionnaire ended with a fourth section, in which demographic information has been collected. A number of 455 MBA students from a Southwestern U.S. university were invited to participate in the study. The total of 125 responses were recorded (25 percent).

RESULTS

The majority of respondents are between 26 and 29 years old (33.3 percent). A large percentage are between 30 and 37 years old (28.8 percent), while approximately 20 percent are either younger than 25 or older than 38 (Table 1). Most respondents are single (49.5 percent), followed by those who were married but had no children (25.2 percent). Most respondents earn under \$70,000 per year, although 15.9 percent earn more than \$100,000 per year.

TABLE 1
The demographic profile of respondents

Category	Frequency	Percent
Age		
25 or younger	22	19.8
26-29 years old	37	33.3
30-37 years old	32	28.8
38 or older	20	18.1
Marital status		
Single/never married	55	49.5
Couple without children	28	25.2
Couple with children	22	19.8
Separated/divorced, etc.	6	5.4
Employment status		
Employed full time	93	83.8
Employed part time	10	9.0
Business owner	5	4.5
Unemployed	3	2.7
Income		
Less than \$29,999	12	11.2
\$30,000 to 49,999	23	21.5
\$50,000 to \$59,999	19	17.8
\$60,000 to \$69,999	16	15.0
\$70,000 to \$79,999	7	6.5
\$80,000 to \$89,999	7	6.5
\$90,000 to \$99,999	6	5.6
\$100,000 or more	17	15.9
Reasons to pursue a graduate business degree		
Better career opportunities	95	81.9
Always wanted to pursue a graduate business degree	59	50.9
Natural desire to learn more	58	50.0
Wanted a career change	30	25.9

In terms of their education, most respondents have undergraduate degrees in business, economics, or related fields (48.1 percent), while a combined 46 percent have degrees in science/engineering and social sciences. Also, a large majority of respondents earned their undergraduate degrees at major universities in the Southwestern U.S., while just a few respondents graduated from U.S. universities located further away or overseas (i.e., England, India, Venezuela, Ivory Coast). Most respondents indicated that they decided to apply for an MBA program because they foresaw better professional opportunities (81.9 percent), they always wanted to pursue an MBA (50.9 percent), and because they had a natural desire to learn more (50 percent).

A large majority of respondents contacted the university to request information about the available MBA programs. Most of them indicated that they received it in enough time to make a decision. Also, the majority of respondents started their information search and also applied during a period of time between one year and six months prior to the start of their first semester, although some respondents indicated a longer information search stage (they would not decide to apply until within a year to the start of their first semester). Further analyses revealed that a considerable number of prospective students started their information searches and applied very close to the start of their first semester.

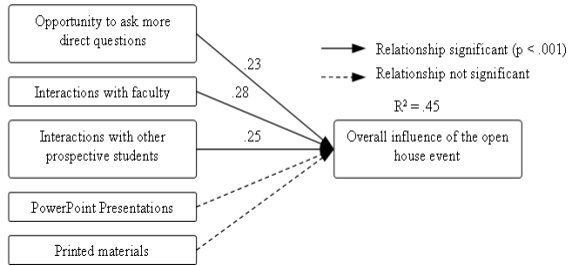
A number of tools that have been identified as possible influencers of prospective students' application decisions were rated by respondents (Table 2). The visit on campus and information received from the business program seems to be the most influential (78.1 percent influenced), followed by the influence of friends and relatives (75.6 percent influenced) and the open house events (71.0 percent influenced). Interestingly, advertising seems to be the least influential tool listed (50.0 percent).

TABLE 2
Factors that influenced prospective students' decisions to apply

Factors	Percent influenced
Visit on campus	78.1
Information received from the university	78.0
Friends and relatives	75.6
Open house events	71.0
Meetings with current faculty and students	64.6
Advertising	50.0

Although not new, social events recently enjoyed increased popularity among universities. In this study, a number of factors that can influence prospective students' ratings of overall influence of the open house event have been evaluated by respondents. It was found that only the opportunity to ask more detailed questions, interactions with faculty, and interaction with other prospective students have been found to be significant predictors of the overall influence of the open house event ($R^2 = .45$, $p < .001$). Of all predictors, the most important seems to be interactions with faculty, followed closely by the other two significant factors. Other factors, such as PowerPoint presentations and printed materials available at the open house were not significant predictors of the influence of the open house event (Figure 1).

FIGURE 1
Predictors of the open house event's influence on prospective students' decision to apply



CONCLUSIONS AND IMPLICATIONS

The results of this study are consistent with the previous work of Hossler, et al. (1999) and Harvey and Busher (1996) in that they clearly indicate that prospective students tend to request and are influenced by information provided by the university. Thus, universities must be responsive to these types of requests and allow prospective students to receive this information as early as possible, as the lag between information search and decision timing is relatively tight. Also, given the minimal lag between the time when the information search phase begins and the decision to apply is made, universities can build a more accurate media scheduling process, with a direct impact on the cost of the overall marketing program. Surprisingly, many prospective students are not greatly influenced by advertising, but instead, they appeared to be influenced by the information received, campus visits, and their interactions with their friends and relatives. This is consistent with the results of Cole and Thompson (1999), in which the influence of others in prospective student's decision-making is discussed. Thus, universities should continue to organize campus events and encourage faculty and current students to become involved. Such involvement could reduce greatly the intangibility

associated with MBA programs and can accelerate the decision-making process.

The open house events are also perceived as very influential by prospective students. Many of them indicated that they are influenced by the interactions that take place during these types of events. A very important factor seems to be interactions with the faculty. Any interaction with faculty before the decision to go through the consumption experience (i.e., apply to the degree program) will eventually result in a fairly accurate preview of the personality, style, and expertise of the faculty members. Usually, faculty members can answer more direct questions pertaining to the topics to be studied, class interactions, the degree of difficulty of assignments, and eventually the rate of career success of former students. Thus, based on more tangible clues about their future experiences, prospective students can assess more accurately if applying to that university is the best choice.

Overall, this study provides important insight into the circumstances surrounding the application decisions to MBA programs, and contributes to improving the body of knowledge designed to help universities develop better strategies in today's increasingly competitive world. It reveals that the marketing focus in higher education should shift from merely sending out information to prospective students to initiating a communication platform grounded in interactions with prospective students. Such interactive approaches will not only allow prospective students to become more informed about the decisions that they are about to make, but also will increase their level of interest in the university by facilitating the development of positive attitudes toward the organization. Thus, universities can improve their efforts and, at the same time, provide more value to their prospective students.

References Available on Request