

# ROLE OF FINANCIAL AID AS A MODERATOR TOWARDS STUDENTS' DECISIONS MAKING TO ENROLL AT PRIVATE HIGHER EDUCATION INSTITUTION

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## Abstract

**Purpose:** The purpose of this research is to determine either financial aid moderates the factors influence among undergraduate students' decision making to enroll at private HEI.

**Methodology:** The survey consists of a questionnaire responded by 500 undergraduate students in private HEI located at Selangor and Kuala Lumpur. Data were analyzed by SPSS applied model 1 moderating analysis with the usage of the macro PROCESS by [Hayes and Matthes \(2009\)](#).

**Results:** The results of this research shows that Competition among private HEI is becoming tougher as students have many options and set of selection criteria. The high numbers of private HEI indirectly given ample choice to students to choose based on their requirements. Private HEI at the same time competes with each other to increase the number of students in order to survive. As resulted, four hypotheses (H8a, H8b, H8c, and H8e) were moderated by financial aid and two hypotheses (H8d and H8f) rejected in this study.

**Implications:** Therefore, the existence of financial aid was important and slightly influential students' decision to enroll in private HEI for four hypotheses (H8a, H8b, H8c, H8e), while for two hypotheses (H4 and H6) students consider financial aid not at all influential their decision to enroll in private HEI in this study.

**Keywords:** *Students' Decision Making, Factors Influence, Financial Aid, Private Higher Education Institution, Malaysia.*

## INTRODUCTION

The establishment of private HEIs propels the advancement of the education system in the country and promotes healthy competition in advancing the quality of the education system towards developing Malaysia as a regional center of excellence. Private HEIs are expected to primarily serve the economic role, while public HEIs primarily serve development and nation-building purposes. It is believed that a private HEI is no longer a new phenomenon in Malaysian society. As the name suggests, the existence of private HEI is to serve as a place to further tertiary education after student end secondary school. It is also seen helped the government to provide more excellent learning places and opportunities to study, and at the same time, it provides some options for students, especially an alternative for those who do not have a place to further study at public HEI. According to [Naidu and Derani \(2016\)](#) private HEI has grown speedily than the public HEI and considered as complementing the public HEI system.

## LITERATURE REVIEW

### Students' Decision Making

Many studies mention various criteria because every student looks for different criteria in HEI ([Grapragsam et al., 2014](#); [Pan, 2014](#); [Jayakumar, 2016](#); [Yanga and Yenb, 2016](#); [Alhawiti and Abdelhamid, 2017](#)). In this study will be focusing on financial aid as a moderator. Moderation occurs when the relationship between two variables (dependent and independent variables) depends on a third variable ([Dardas and Ahmad, 2012](#); [Ezebuilo, 2014](#); [Adedoyin and Okere, 2017](#); [Anyi, 2017](#); [Dandan and Marques, 2017](#); [Muthuselvi and Ramganes, 2017](#); [Houcine and Sofiane, 2018](#)). The third variable is referred to as the moderator variable. In this study, financial aid (FA) was the moderating variable influence the strength of the relationship between dependent variable Decision making (DM) and all six independent variables (academic program (AP), tuition fees (TF), location (LO), institution ranking (IR), institutional facilities (IF), and employment opportunities (EO)). Traditionally moderation implies a decline of the causal effect; however, a moderator can also strengthen or even reverse that effect

Students are highly selective when deciding on which HEI they should to enroll because the decision-making spectrum has been found to involve a multistage process ([Wadhwa, 2016](#)). The decision making process is adapted to fit the

purpose of the decisions being made, whether they are designed choices or personal needs; how we make the decision is vitally important ([Meyer, 2018](#)). The influences that influence student decisions usually come from a variety of factors.

### **Financial aids**

Financial aid has the desired impact on student choice ([Agrey and Lampadan, 2014](#)). The financial aid provided to the student can reduce the cost incurred by the student. As mentions by [Cao et al. \(2016\)](#) stated financial aid is critical in influence the decision-making process of the student toward HEI because students and their families usually seek financial aid to cover the cost.

### **Academic Program**

The criteria used to select the academic program is various factors such as tuition fees. Tuition fees in this research referred to as the cost or charges incurred that student needs to pay in order to be allowed to continue the study. The availability of a specific academic program in the potential HEIs is typically considered when the students have to decide on their preferred HEI to further their study. How the offered academic program would fit them is a vital concern among these students. Financial aid serves as a form of monetary assistance, given partly or fully, from the government bodies, schools, or universities to help students and their family to satisfy the tuition fees.

**H1: Financial aid moderates the relationship between the academic program and students' decision making to enroll at Private HEI.**

### **Tuition fees**

[Mngomezulu et al. \(2017\)](#) stated students with insufficient financial resources struggle to afford escalating tuition fees, meanwhile ([Rauschnabel et al., 2016](#)) stated HEI tend to charge higher tuition and fees resulting in a potentially greater financial burden for students. As a matter of fact, [Jackson \(1986\)](#) concluded that price is a negative influence on HEI choice while financial aid to reduce costs is a positive influence.

**H2: Financial aid moderates the relationship between tuition fees and students' decision making to enroll at Private HEI.**

### **Location**

For a student, location refers to where an HEI is located geographically and closes proximity to home or city center because some students may be looking for an HEI close to their hometown or place of work for convenience and accessibility ([Mustafa et al., 2018](#)). The distance and travel costs factors without financial aid it probably leads to options choosing the HEI that closer to home.

**H3: Financial aid moderates the relationship between location and students' decision making to enroll at Private HEI.**

### **Institution Rankings**

The student realized institution ranking plays a vital role in linked with financial aid, because HEI's that have an excellent institution ranking able to create a competitive advantage in an increasingly competitive market from another, and has a strong link with an external organization that able and has opportunity to offer financial aid to the student. A prospective student who is rational and aspire is really sought the high status of HEI in term of ranking ([Maringe, 2006](#)). Supported by [Alshammari \(2016\)](#) revealed institution ranking of the HEI influence student to enroll in a specific academic program with a factor loading of 0.915.

**H4: Financial aid moderates the relationship between institution ranking and students' decision making to enroll at Private HEI.**

### **Institution Facilities**

According to [Mustafa et al. \(2018\)](#) financial aid, one of the factors that determine student choice toward HEI has undergone significant changes over the past few decades, due to important educational and societal changes, including HEI practices. Because of that, the physical environment in which the service production constitutes is an important element in the decision-making process. When provided with a high standard, facilities are considered as a relevant factor in influencing the students' selection of the HEI where they will pursue their studies ([Cubillo et al., 2006](#)).

**H5: Financial aid moderates the relationship between institution facilities and students' decision making to enroll at Private HEI.**

## Employment Opportunities

Employment opportunity is likely to be important information for student's decision making in selecting HEI (Phan et al., 2016); supported by Alshammari (2016) employment opportunities and financial considerations had the factor loading coefficients which is 0.856. Even though many students were still vague about their career plan after graduation, many appeared to be realistic about how good employment opportunities they might get in the short term (Kusumawati, 2013). The cost of tuition and employment opportunities are the top deciding factors for where students choose to attend HEI (Mustafa et al., 2018).

### H6: Financial aid moderates the relationship between employment opportunities and students' decision making to enroll at Private HEI.

#### Financial aids

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#### Students' Decision Making

Students are highly selective when deciding on which HEI they should to enroll because the decision making spectrum has been found to involve a multistage process (Wadhwa, 2016). The decision making process is adapted to fit the purpose of the decisions being made, whether they are designed choices or personal needs; how we make the decision is vitally important (Meyer, 2018). The influences that influence student decisions usually come from a variety of factors.

#### 1. Proposed research model

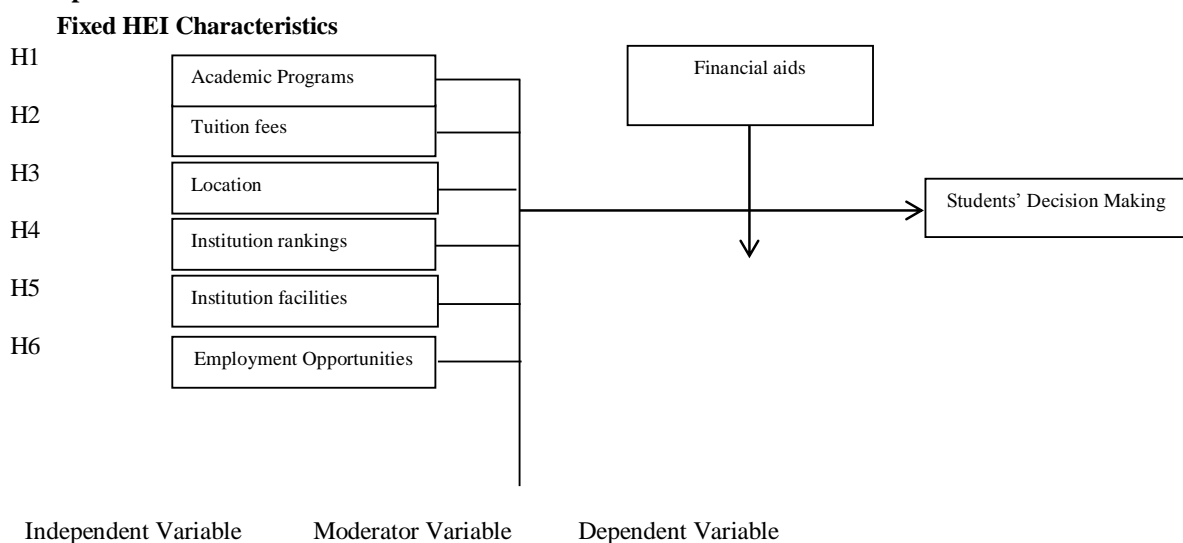


Figure 1.1 above shows the theoretical framework adopted and modified from Chapman (1981), Hossler and Gallagher (1987).

## RESEARCH METHODOLOGY

The questionnaire for this study was developed based on previously validated measures. It is important to note that all the items in the questionnaire were modified to fit with Malaysia context. The Likert 5-point scales also applied range by 1, not at all influential and 5 extremely influential. In May until June 2018, a face-to-face monitoring survey questionnaire was conducted in 27 Private HEI around Selangor and Kuala Lumpur as proposed. 500 questionnaires have been distributed to undergraduate students semester one from intake January until March year 2018 with different gender, race and study program.

## FINDINGS AND DISCUSSION

**Table. 1** Summaries results of hypotheses tested in this study are as follows:

| hypotheses  | Result   |
|---|----------|
| H1: Financial aid moderates the relationship between academic program and students' decision making to enroll at Private HEI, ( $\beta = -.094$ ; $p = .019 < .05$ ).         | Accepted |
| H2: Financial aid moderates the relationship between tuition fees and students' decision making to enroll at Private HEI, ( $\beta = -.135$ ; $p = .000 < .05$ ).             | Accepted |
| H3: Financial aid moderates the relationship between location and students' decision making to enroll at Private HEI, ( $\beta = -.060$ ; $p = .050 < .05$ ).                 | Accepted |
| H4: Financial aid moderates the relationship between institution ranking and students' decision making to enroll at Private HEI, ( $\beta = -.043$ ; $p = .137 > .05$ ).      | Rejected |
| H5: Financial aid moderates the relationship between institution facilities and students' decision making to enroll at Private HEI, ( $\beta = -.077$ ; $p = .011 < .05$ ).   | Accepted |
| H6: Financial aid moderates the relationship between employment opportunities and students' decision making to enroll at Private HEI, ( $\beta = -.032$ ; $p = .470 > .05$ ). | Rejected |

Based on the result, it shows that all the hypotheses were accepted except hypothesis 4 and hypothesis 6. The results indicate that financial aid did not moderate the relation between ranking and employment opportunities for student decision making.

## CONCLUSION

The results from the statistical analyses conducted were presented meet the objectives of the study i.e. to determine whether financial aid moderates the influence of students' decision making to enroll at private HEI. It was interesting to find that four hypotheses(H1, H2, H3, and H7) were moderated by financial aid and two hypotheses(H<sub>8d</sub> and H<sub>8f</sub>)rejected in this study. As a conclusion, that means the existence of financial aid was important and slightly influential students' decision to enroll in private HEI for four hypotheses (H<sub>8a</sub>, H<sub>8b</sub>, H<sub>8c</sub>, H<sub>8e</sub>), while for two hypotheses (H4 and H6) students consider financial aid not at all influential their decision to enroll in private HEI in this study.

## LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

Based on the findings, this study, however, was short of limitations. First, the samples of this study focus on undergraduate study only. Second, the setting of this research only focuses on private HEI at Kuala Lumpur and Selangor as area location. Despite the limitations of this study, these limitations provide suggestions for further research. First, should be doing for postgraduate students also. Second, future research needs to be expanded the location of the area in examining the factors influence students' decision making to enroll at HEI but caution must be taken because the urban and rural area may be the difference when generalizing the findings and discussion to citing the results.

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