

**INTI INTERNATIONAL UNIVERSITY****Master of Business Administration**

**“A comparative study on factors influencing Chinese and Indonesian students to study in Malaysia’s private higher learning institutions”**

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## Abstract

This study is carried out with the aim to propose recommendations to Malaysia government as well as private institution of higher learning to promote the education industry in Malaysia since international students are decreasing especially Chinese and Indonesian students. By identifying the factors that influence Indonesian and Chinese students to study in Malaysia, the results of this research offer information for local government and private institutions of higher learning to develop positioning and marketing communication strategies to attract Indonesian and Chinese students for Sichuan. The identification of factors such as "Push" and "Pull" factors influence international students from China and Indonesia to study in Malaysia. The most contribution of this research is the result on the similarities and differences between the factors influencing Indonesian and Chinese students to study in Malaysia where there is limited research done in this particular area.

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## Chapter 1

### Introduction

#### 1.0 Chapter Summary

Chapter one introduces the purpose of this research and the background of education industry in Malaysia. In this chapter, it includes the contemplation on the problem statement as well as the research questions and objectives. Besides, the chapter also includes the significance of the research, assumptions, limitations, scope and structure of the study.

#### 1.1 Introduction to Research

Education is one of the most important aspects in today's world, particularly that concerning education at tertiary level. Its importance, more importantly, has impacted tremendously on student preferences in deciding which university/institution to go for. Some may only afford to pursue study at domestic university while those who can afford may prefer to study abroad at a foreign university, instead. Studying abroad is where students pursuing educational opportunities in other countries. (Levi, 2003). Higher education has been changing dramatically as a result of influences from both internationalization and globalization. Especially for those students whose subjects/majors are limited within domestic education and they have no other choices beside study abroad. On top of that, the number of students who studied abroad was estimated to be 600,000 students in 1980s; the number doubled in 1990 when it hit around 1.2 million students, and it had then increased again in 2005 at 2.7 million students. (UNESCO, 2006). So, basically from these statistics, it clearly shows that there is

an increase in the number of students who go abroad to study from year to year. Thus, there is an increase in demand for education.

On top of that, education services are able to help the economy of the country. For instance, Australia education services, it is the third factors that help the economy in the country to grow. From Table 1.1, it shows that Australia able to get USD 14,164 million from education sector. In other words, education service is good business which can be exported and help the economy of particular country to grow as well.

Table 1.1 Top Ten export by value in 2007-2008 (Australia)

	\$M
Coal	24,866
Iron ore	21,302
Education services	14,164
Gold	12,272
Personal travel (excl education) services	11,994
Crude petroleum	9,610
Professional, technical & other business services	5,963
Aluminium ores & conc. (incl. alumina)	5,903
Natural gas	5,854
Aluminium	5,465
<b>Total Exports</b>	<b>234,308</b>

Source: Access Economic Pty Limited, 2009

United Kingdom and Australia have viewed education as a global service industry, therefore they have moved to a more "marketing-oriented" system. (Kinnell, 1989 ; Mazzarol & Hosie, 1996 cited by Shah, 2009). Besides that, America also viewed International students play an important role in increasing part of the higher education system. It is estimate that international students contribute a lot to culture diversity by providing wide variety of different cultures.

On top of that, they also become part of the country economic drivers with the richness of diversity. With the growing of international students, international competition is also high in attracting those students. For instance, American Universities started to implement coordinated strategy, example American Universities must help the international students as fast as possible in terms of processing document, find place to stay and etc. (Kwon, 2009). On the other hand, in case of UK, students are informed that they will be able to work part-time with the course, working permit for at least two years post-graduation as well as scholarships. (Shah, 2009). On top of that, Shah (2009) mentioned that Australia and USA have better pro-active and aggressive marketing strategies in the international markets for education compare to UK in terms of marketing policies. For example: UK only achieved 2 percent growth of international students where as USA and Australia achieved more than 10 percent of growth in 2004.

A lot of International students study abroad because of two major factors influences them which are "Pull" and "Push" factors. According to Soutar and Mazzarol, (2002) the pattern of international students studying abroad can be explained by combination of "Push" and "Pull" factors. Those factors are the cause that encourages international students to study abroad. "Push" factors can be defined as the factors that make students to study in other countries, the factor could be from parents, friends, country situation or economy. There is high-quality of universities in Indonesia however the costs are rather or somehow similar with the costs of studying abroad. Obviously many students choose to study overseas. Besides that, "Pull" factors also play an important role to make the country attractive to international students. The definition of "Pull" factors are the factors that attract the students to study into one particular country. For example, the staff or lecturer expertise, Institution Reputation, range of course and so forth. (Soutar, 2002). In addition, considering "Push" factors normally is

one of the early stages that foreign students need to do only after which they will take into account the "Pull" factors. Thus, "Pull" factors only happen once the students have gone through "Push" factors so it is also known as the second stage. (Park, 2008).

## 1.2 Research Background

Education industry in Malaysia is greatly helping the economics of the country to develop and it has become the major contributor to the economy of Malaysia, as once said by Tun Dr. Mahathir bin Mohamad, who was the prime minister of Malaysia from 1983 to 2003. According to Tun Dr. Mahathir bin Mohamad, Education is one of the major contributions to the country economy therefore Malaysia needs to offer quality higher education at affordable price to compete with other countries in education industry (PMO, 2003). Many international students such as Chinese and Indonesian students went to Malaysia to pursue their tertiary education. Tertiary Education is also known as degree or college education. In 2009, Minister of Higher Education, Datuk Khaled Nordin said he was "Push"ing to make Malaysia as the hub of higher education in Southeast Asia. He also added that Malaysia have been successful with 72,000 international students that choose Malaysia as their destination for tertiary study or education (New Strait Times, 2009).

Table 1.2 Total Number of Chinese and Indonesia students studying in Private institution of higher learning in Malaysia.

### ENROLLMENT OF Chinese and Indonesian students in Malaysia(2008 & 2009)

Year Country	2008	2009	Total
China	7,997	9,177	17,174
Indonesia	9,298	9,812	19,110

Source: *Perangkaan Pengajian Tinggi Malaysia 2009*, MOHE

The data above shows the total number of international students from China and Indonesia that are enrolling in Malaysian private institution of higher learning in 2008 and 2009. It shows that Chinese and Indonesian students increase since 2007 to 2009 consistently. In other words, Malaysia education business is growing. Even though Malaysia education is doing well as well as the Universities in the country, it should not underestimate the competition and the success is not ensured that it will last long because something that goes up will goes down according to Klyuev (2008). It is also similar with the PLC (Product Life Cycle) model where the products will goes up to maturity and once it is mature, it will decline. } ?