

Marketing Models

Project Report

On

PERCEIVED VALUE OF MANAGEMENT EDUCATION

MASTER OF BUSINESS ADMINISTRATION

Collaboration program with

BITS, Pilani



Submitted By

Jessie Cecilya (2016H1490210P)

Abhijith Achuthakumar (2016H1490233P)

Rabi Rashid (2016H1490240P)

Rohith Ananth (2016H1490242P)

Siddarth Sharma (2016H1490248P)

Under the guidance of

Dr. Udayan Chanda

Pilani, Rajasthan

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1. INTRODUCTION

The prime idea of this study is both to understand the factors behind the perceived value of management education, and to investigate whether there are any perception differences among people based on demographics, management education level, and the sacrifices done for the management education (costs of Management education and length of management education experience).

Management education is becoming more and more popular every day. Also, many institutions such as universities, public or private education institutions offer management programs, and this leads to a high level of competition among management schools.

They compete for getting market share, profit, image etc. and they face with funding crisis, and rising tuition fees. Moreover, there are criticisms toward their curricula, teaching methods and academic research (Cannon and Jagdish, 1994). On the other hand, there can be differences between the management education institutions' desired value and customers' perceived value (Zeithaml, 1988; Cengiz and Kirkbir; 2007). That is why, it is important for management education institutions to understand the things that students value in a management education experience and in the light of these realities institutions should review themselves to satisfy value-based customers.

They can be successful in allocating resources, designing the program and adapting the physical environment according to the needs of their current and prospective students (Stafford, 1994; LeBlanc and Nguyen, 1999). Thus, this study tries to fill the gap in literature and connects two important topics; management education and perceived value. Moreover, by the help of this study it can be possible to see the management education value perceptions of different customer segments so different marketing strategies for different segments can be developed.

2. LITERATURE REVIEW

The concept of value gets its roots from many disciplines such as social psychology, economics, marketing, management and are defined by many researchers for many years from different perspectives. Value is generally used as the outcome of an evaluative judgment (Fernandez and Bonillo; 2006). From the consumer perspective, value can be described as what consumers want and what they believe to get from the products of the organization (Woodruff, 1997). Value concept is explained with links to the exchange theory of marketing in which all parties involved to the exchange expect to be better off after the exchange (Kotler, 1972; Houston, 1987; Eggert and Ulaga, 2002). Although the initial conceptualizations of value, Zeithaml's classical work in 1988, which was investigating the relationships among price, quality and value from the consumer's perspectives has been the source of inspiration for the upcoming researches about perceived value.

According to Zeithaml's (1988) study, four definitions for values are found out: 1) value is low price, 2) value is whatever wanted in a product, 3) value is the quality get for the price paid, 4) value is what is gotten for what is given. First three definitions are generally criticized for many reasons such as being too simplistic, inadequate, or omitting some important dimensions (Richins, 1994; Holbrook, 1994; Chernatony et al., 2000; Day and Crask, 2000). Most of the previous research about perceived value is based on the fourth dimension (Zeithaml, 1988; Petrick, 2002; Fernandez and Bonillo; 2006). But "get" and "give" dimensions named as "benefits" and "sacrifices" respectively in different studies and perceived benefits are conceptualized as the combination of intrinsic attributes, extrinsic attributes, perceived quality, other higher level abstractions such as convenience, prestige, physical attributes, service attributes, technical support etc. (Zeithaml, 1988). On the other hand, sacrifices are conceptualized as all the costs of having the product/service both monetary and non-monetary such as time, energy, effort, and the stress experienced by the consumer (Eggert and Ulaga, 2002; Yang and Peterson, 2004).

According to these four definitions, in this study perceived value is defined as "the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given" (Zeithaml, 1988). In the services domain, education is the area which is poorly investigated from the point of perceived value. Ledden et al. (2007) realized the importance of perceived value in education and examined the relationship between personal values and perceived value of education. The findings of the study indicate that both terminal and instrumental values have an effect on the "give" component of perceived value. But, only terminal values have an effect on the give component (Ledden et al., 2007).

3. RESEARCH METHODOLOGY

In this research, a scale consists of 18 items for measuring perceived value of management education is used in questionnaire forms. It constitutes the “get” component of perceived value is adapted by taking into consideration both LeBlanc and Nguyen’s (1999) original scale measuring perceived service value in business education and its adapted version used by Ledden et al. (2007) to measure perceived value of education. The scale is made of 6 dimensions for values namely functional value, social value, epistemic value, emotional value, conditional value and image (Ledden et al., 2007).

The six dimensions of perceived value have different attributes to define them and are given below

- The **Functional value** is about the perceived performance/utility of a product or service and adapted as the perceived work or career opportunities a management degree/education can provide.
- **Epistemic value** is about arousing curiosity and satisfying the desire for it is adapted from the perspective of management education.
- **Social value** is about the benefits gained from interpersonal/group relations and referred in the context of friendship with other students, and social interactions. In emotional value dimension, the feelings aroused by a product/service are mentioned. For the context of management education, it is adapted as the gladness received from management education, arousal of personal achievement.

“Get” component is composed of conditional value and image

- The **conditional value** is benefits get from specific situations and adapted as management education materials, campuses and facilities.
- Finally, the **image** is about what a product/service provider institution’s image adds to the image of the product/service.

“Give” component of perceived value is composed of monetary and non-monetary sacrifices

- **Non-monetary** sacrifices are based on time, energy and efforts, monetary sacrifices cover all monetary payments.

A 5-point Likert scale (1= Strongly Disagree and 5=Strongly Agree) scale is used for study. The research was conducted with females and males who are pursuing MBA having a different number of work experience from various backgrounds such as IT, Consultancy, Manufacturing, Banking etc. A convenience sampling technique was used. The data was collected in from students of different professional background. The questionnaire was distributed to 350 people, 294 of them were returned, making a response rate of 84% Thus 294 responses for the questionnaires were used in the study.

Based on the definitions of the six factors described in the paper, the variables that we have considered for our study, has been clubbed to each of these factors, which would be used to match the result of statistical analysis to verify the findings of the model and the accuracy of the technique used.

Variables	Functional	Epistemic	Social	Conditional	Non-Monetary
Career Opportunities	Yes				
Interest		Yes			
Domain Opportunities	Yes				
Grasp on Knowledge	Yes	Yes			
Interpersonal Skills			Yes		
Team Skills	Yes		Yes		
Crisis Handling	Yes				
Accomplishment		Yes			
Positivity of choosing 2 year program		Yes			Yes
Educational Resources				Yes	
Infrastructure				Yes	
choice of institutes accepting CAT above 85%ile		Yes		Yes	
Stress Management	Yes				
Satisfaction in putting efforts		Yes			Yes
ROI	Yes				

4. ANALYSIS AND RESULTS:

We have conducted “**Correlation Analysis**” and “**Factor Analysis (PCA)**” to analyze the major contributing factors that affect the perceived value of Management Education.

- Correlation Analysis suggests the correlation between the variables.
- Strong correlation between the variables indicates that Factor Analysis can be applied to generate major influencing factors.
- Exploratory factor analysis was carried out to bring down the dimensionalities to factors.
- Exploratory technique, was used to keep the study vary of any preconceived notions from the end of the researchers and to test out the accuracy of the results of the paper that the study was based on.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.822
Bartlett's Test of Sphericity	Approx. Chi-Square
	659.995
	df
	105
	Sig.
	.000

Communalities

	Initial	Extraction
Career Opportunities	1.000	.594
Interest	1.000	.370
Domain Opportunities	1.000	.386
Grasp on Knowledge	1.000	.489
Interpersonal Skills	1.000	.472
Team Skills	1.000	.427
Crisis Handling	1.000	.649
Accomplishment	1.000	.484
Positivity of choosing 2 year program	1.000	.524
Educational Resources	1.000	.671
Infrastructure	1.000	.353
choice of institutes		
accepting CAT above 85% ile	1.000	.471
Stress Management	1.000	.475
Satisfaction in putting efforts	1.000	.310
ROI	1.000	.418

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.657	24.381	24.381	3.657	24.381	24.381
2	1.303	8.688	33.070	1.303	8.688	33.070
3	1.133	7.553	40.623	1.133	7.553	40.623
4	1.001	6.674	47.297	1.001	6.674	47.297
5	.989	6.595	53.892			
6	.904	6.028	59.920			
7	.885	5.898	65.818			
8	.842	5.615	71.433			
9	.765	5.099	76.531			
10	.710	4.734	81.266			
11	.695	4.635	85.901			
12	.639	4.261	90.162			
13	.563	3.752	93.914			
14	.537	3.578	97.492			
15	.376	2.508	100.000			

Component Matrix^a

	Component			
	1	2	3	4
Career Opportunities	.708			
Interest	.480			
Domain Opportunities	.444			
Grasp on Knowledge		-.529		
Interpersonal Skills		.600		
Team Skills	.608			
Crisis Handling			.777	
Accomplishment	.674			
Positivity of choosing 2 year program				.509
Educational Resources				.683
Infrastructure		.413		
choice of institutes				
accepting CAT above 85% ile	.578			
Stress Management	.630			
Satisfaction in putting efforts	.531			
ROI	.624			

Component Transformation Matrix

Component	1	2	3	4
1	.861	.424	.193	.202
2	-.293	.864	-.264	-.313
3	.272	-.164	-.944	.088
4	-.314	.216	-.041	.924

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotated Component Matrix^a

	Component			
	1	2	3	4
Career Opportunities	.462	.544		
Interest			.448	
Domain Opportunities	.468			
Grasp on Knowledge	.536			
Interpersonal Skills		.620		
Team Skills	.631			
Crisis Handling			-.796	
Accomplishment	.614			
Positivity of choosing 2 year program		.442		.482
Educational Resources				.789
Infrastructure		.570		
choice of institutes				
accepting CAT above 85% ile	.668			
Stress Management	.640			
Satisfaction in putting efforts	.482			
ROI	.519			

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 6 iterations.

5. OBSERVATIONS

- Variables like Stress Management, CAT cutoff percentile, Team work and Accomplishments have a strong positive correlation to the first factor identified, along with variables like grasp on knowledge and ROI. These variables are hence, more inclined to functional aspects of value perception and are crucial while designing the education curriculum, as these factors carry a greater weightage in the minds of prospects.
- Variables like interpersonal skills, career opportunities and infrastructure showed a moderately positive correlation to the second factor, which is more inclined toward creating the right atmosphere for learning and hence, the institutes should look forward to providing better infrastructure, options for specializations etc., with an increased focus on peer learning and interactions.
- The educational resource available has a strong correlation to the motivational aspect of a program. With the availability of better resources at their disposal, chances are that, the individuals would better utilize them to achieve their prospective goals, thereby adding an important dimension to the perceived value. The availability of resources also goes hand in hand with the probability of opting a 2-year program over other alternatives for management education.
- Our analysis found a contradictory result for the variable that is crisis handling. According to studies conducted, this variable has a huge impact on the psychological aspect of the individual and hence, should have a strong positive relation to the perceived value. But, in our case, we receive a strong negative value. This anomaly can be explained from the perspective of the population that we used for sampling and the type of sampling performed. Since, we had used convenient sampling, most of our respondents were from B-schools, which were in the same tier (Tier-2 or 3, based on different rankings) as our institute, Dept. of Management, BITS Pilani.
- The institutes like Christ University, NIT Trichy, LIBA, Welingkar, Great Lakes etc. The negative sign indicates that, the programs offered in these universities, do not offer satisfactory levels of crisis handling to the students or to the level they had hoped it would and would be an aspect, the institutes must look forward to while having curriculum revisions, so that this negative perception, would not drive out prospective students and would help them improve the value proposition that their program offers.

6. CONCLUSION

- A **0.822** Score of KMO-Bartlett test of sphericity indicates a good identification of influencing factors/Components from the input variables and statistically significant.
- **Factor 1: (Functional-Epistemic)**, Majority of the functional variables contribute to the influencing of the perception of the value of the thus received Management Education as they are tangible in nature and are represented in the form of Hard Skills and Physical in nature hence easily perceived.
- **Factor 2: (Partly Functional-Conditional-Non-Monetary)**, The next significant factor is slightly less functional and more conditional and monetary in nature, infrastructure and the personal feeling of the value received imbues confidence in the student and creates a positive outlook of learning. Infrastructure plays a significant role as they aid in personal development via the facilities, i.e. SAC, Library, Music, Cultural Fests etc.
- **Factor 3: (Epistemic)**, The result suggests that empirically that the opportunities provided to pursue the interest of a candidate goes a long way in the satisfaction derived as it appeals to the psychological needs that a student has when he/she enrolls for the program.
- **Factor 4: (Conditional)**, Educational resources could be the Faculty, Text Books, Case Studies, Quiz, or time devoted to learn etc. We believe that the resources motivate the students to expand their abilities, knowledge and skills to perform competently in their preferred areas and hence also one of the influencing factors of perceived value.

7. REFERENCES

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