Is giving scholarship worth the effort? Loyalty among scholarship recipients

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To stay ahead of competition, a significant factor has now become of significance; student loyalty towards higher learning institutions. Hence, scholarship recipients have the expectation to demonstrate a certain degree of loyalty towards their education sponsor. In addition, they play an important role as opinion leaders and walking advertisement for these institutions. However, the challenge that is plaguing scholarship programmes is the probability of the recipients being loyal due to monetary incentives rather than the supremacy of the institution. In view of this, focus group interviews were conducted to explore respondents’ perspectives of their inclination towards the institution. This paper seeks to analyze loyalty themes that might surface as relevant to the development of loyalty among scholarship recipients. It centres on pertinent factors that emerge as important drivers of loyalty which will be of value to institutions in comprehending their students’ loyalty intensity.

Key words: Students’ loyalty, scholarship recipients, higher learning institutions.

INTRODUCTION

Many higher education institutions are offering financial assistance such as scholarships to students who fulfil a certain set of requirements as part of their Corporate Social Responsibilities (CSR) agenda. However, is such investment pragmatic? The scholarship programmes appeared to have a retention effect, with majority of the students claiming their “loyalty” to the institution rather than opting to continue their education elsewhere. Being scholarship recipients, it is expected that the students should demonstrate a considerable degree of loyalty. However, it can be argued that the scholarship recipients may seem loyal to the institution but their intensity/level of loyalty may differ from a continuum of being questionably loyal to being very committed (truly loyal) to the institution. For example, at high level of loyalty they may exhibit a strong commitment towards the institution despite external influences having the potential to cause switching behaviour. In favourable circumstance, they become advocates of the institution; disseminating positive information about the institution and promoting the institution to their friends. On the other hand, it is also possible that some of these students may continue to stay with the institution without feeling much inclination or commitment towards the institution. If this is the case, students choose to study in the institution because of the scholarship rather than a sense of belonging to the...
Students’ loyalty

Marketers have long acknowledged that the heart of marketing exchange is not a transaction but rather a relationship (Gummesson, 2008; Payne, 1995; Rowley 2003). Subsequently, it has been proven that building positive interactive relationships with customers is thought to increase customer loyalty (Berry and Parasuraman, 1991; Salanova et al., 2005). As such, topics on customer loyalty have continued to receive considerable attention in recent years (Salanova et al., 2005; Yim et al., 2010).

Increased global competition in the education sector means that student loyalty is becoming increasingly important for institutions of higher learning. As a matter of fact, it is as important as attracting and enrolling new students. Evidence from literature strongly indicates that acquiring new customers is more costly than retaining them (Peters, 1988; Reichheld, 1996). In effect, loyal students normally become walking advertisements for institutions whose service have appealed to the students. Researchers have conceptualised loyalty in a number of different ways and in general customer loyalty is a multi-dimensional concept which includes both behavioural and attitudinal dimensions (Table 1).

Based on these studies, students’ loyalty can also be viewed as a composite of both behavioural and attitudinal components (Helgesen and Nesset, 2007; Navarro et al., 2005). Students’ behavioural loyalty can be regarded as their active participation and dedicated behaviour (Rodie and Kleine, 2000). Such behavior might also include active participation in various institutional or extra-curricular activities. Furthermore, since student mobility [leave one institution and continue their studies at other institution] is possible, customer retention is also considered as behavioural loyalty (Johnson and Gustafsson, 2000). Attitudinal loyalty is explained as the positive feeling of affection or emotional attachment formed towards the institution. It corresponds to a high-order; long term commitment of a customer towards the organization (Shanker et al., 2000). This includes students’ sense of belonging, readiness to contribute to the institution and to become advocates of the institution.

However, with regard to scholarship programmes, there is a possibility that the students may end-up associating themselves with the programmes rather than the institution. The problem with programmes loyalty is that there is a tendency that the scholarship recipients might focus on the monetary incentives rather than the supremacy of the institution. Hence, a study on loyalty and intensity/level of loyalty among these scholarship recipients is required. This study looks at both behavioural and attitudinal dimensions in trying to understand the level of loyalty that students have towards the institution. Observing behavioural dimensions alone might not suffice as it might not capture the reasons behind such acts. This study also attempts to distinguish between truly loyal students and those students who appear to be loyal. As suggested by Baloglu (2002) and Dick and Basu (1994), true loyalty should be reflected not only in the behavioural dimensions but also on the attitudinal dimensions. Truly loyal customers can be explained as those who buy (behavioural dimension) almost exclusively from the company and feel (attitudinal dimension) so strongly in the company’s ability in meeting their needs and competition is virtually excluded from their consideration set (Shoemaker and Lewis, 1999).

METHODOLOGY

The samples were scholarship recipients from the two top scholarship programmes being offered in the institution under study. The scholarship programmes are World Class Scholarship (WCS) and High School High Achievers (HSHA). Database provided by the institution was used to recruit students representing various schools/faculties. Students were randomly selected and calls were made to inform students and to request for volunteers to participate in the focus group interview. Finally, sixteen students (eight students from each scholarship programme) from five different schools were recruited from diverse levels of programmes from diploma up to degree level. Of the sixteen students interviewed, six students were from the business school, four students were enrolled in the school of hospitality, three of the scholars were architecture students, two students were studying mass communication and one student was from the school of bioscience. Two focus group interviews were conducted to explore interviewees’ perceptions and thoughts on the situation being examined. The emphasis on the focus group interviews was to have the respondents describe and discuss their views on the scholarship awarded as well as their feelings toward the institution. Questions in these interviews were focused specifically on factors/elements leading to the respondents’ level of loyalty either to the scholarship programme or the institution. With the consent of the respondents, the interviews were tape-recorded and transcribed accordingly.

RESULTS

Based on the responses, the scholarship recipients
Table 1. Customer loyalty concepts.

<table>
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<tr>
<th>Conceptual Definitions</th>
<th>Authors</th>
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<tbody>
<tr>
<td>The degree to which a customer exhibits repeat purchasing behavior from a service provider, possesses a positive attitudinal disposition towards the provider, and considers using only this provider when a need for this service arises.</td>
<td>Gremler and Brown (1996)</td>
</tr>
</tbody>
</table>

It includes:

- Saying positive things about the company
- Recommending the company to someone else who seeks advice
- Encouraging friends & relatives to do business with the company
- Considering the company the first choice to buy services
- Doing more business with the company in the next few years

Zeithmal, Berry and Parasuraman (1996)

A deeply held commitment to re-buy or repurchase a preferred product or service consistently in the future despite situational influences and marketing efforts having the potential to cause switching behaviour.

Oliver (1997)

A buyer’s overall attachment or deep commitment to product, service brand or organisation.


seemed to have consistent views of their loyalty towards the scholarship programme and the institution. Major themes that emerged from the analysis were grouped into two different arrangements. Tables 2 and 3 present selected sampling of issues related to each theme that emerged from the interviewees. Table 2 captures the two dimensions of loyalty: behavioural and attitudinal. While, Table 3 lists the level of loyalty: loyalty to the programme only and true loyalty. Based on the focus group interviews, two themes of behavioural loyalty and one theme of attitudinal loyalty have emerged as relevant to the development of loyalty among the respondents. In addition, two themes each on program loyalty and true loyalty were suggested from the analysis.

Based on the themes that emerged from the interviews, results indicated that financial aids, image/reputation and personal achievement are three main drivers of student loyalty. Furthermore, findings also indicated that even though students perceive loyalty towards the scholarship programme and the institution are two distinct concepts they are somewhat interconnected.

In addition to the themes identified, when asked whether they would choose the institution if they were not given the scholarship, eight out of sixteen interviewees replied positively about choosing the institution. This is an indication of students being truly loyal to the institution. Another six students replied that financial constraint was the main reason for not choosing the institution. They however, spoke positively about the institution. The remaining two students strongly felt that they would prefer joining another institution, if not given the scholarship, as they felt that the other institution is better in terms of its quality and reputation.

Managerial implications

The results of this research provide important managerial implications regarding student loyalty and its drivers. Identification of the drivers of loyalty can assist marketers to identify different loyalty segments hence to customise loyalty-building strategies for each segment are possible. Based on their opinions, the students believed that the scholarship programme is their pathway to future success. But at the same time, they mentioned that their preference on the choice of scholarship programme is based on the reputation of the institution. However, in an education service, the association between reputation and loyalty is difficult to pin-point because of its intangibility nature. Therefore, it can be concluded that to attain true loyal institutions of higher learning should focus on strategies on building and sustaining both behavioural and attitudinal loyalty. Marketers and administrators should focus on efforts of building its reputation hence scholarship programme is a very important strategic tool that an institution can use. Being the preferred scholarship programme among top students by itself reflects the institution’s reputation.

Results also strongly indicate that students’ loyalty is extrinsically driven rather than intrinsic. Students are loyal because of financial aids or reputation of the institution. There is a lack in the students’ sense of commitment or inclination towards the institution. Based on these, it can be suggested that to further ensure student loyalty, strategies for relationship building among the scholarship recipients are much needed. This notion was suggested by Yorke (1997). It was indicated that among others, lack of commitment and motivation are factors influencing
Table 2. Samples of captions of respondent comments: behavioural and attitudinal loyalty.

<table>
<thead>
<tr>
<th>Themes</th>
<th>Illustrative students’ comments</th>
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<tbody>
<tr>
<td>Behavioural Loyalty</td>
<td>- No other better alternative as I was not offered elsewhere. – WCS, hospitality degree, 1 June 2011.</td>
</tr>
<tr>
<td>Convenience seeker</td>
<td>- If fee is not a problem, then I would go to (name of another institution) – HSHA, foundation in architecture, 30 May 2011.</td>
</tr>
<tr>
<td></td>
<td>- I did a lot of research on all universities. I chose (name of institution) because...discount in fees and is definitely worth it – HSHA, diploma in quantity survey, 30 May 2011.</td>
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<td></td>
<td>- My main factor was financial.... My parents have a tight budget and my brother is one year apart and it will be his turn next year…and (name of institution) offered the best option – WCS, foundation in science, 1 June 2011.</td>
</tr>
<tr>
<td>Intentional behaviour</td>
<td>- I didn’t apply any other colleges; I applied straight to this college – WCS, hospitality degree, 1 June 2011.</td>
</tr>
<tr>
<td></td>
<td>- I was previously being offered another scholarship program however, I chose this institution. My mind was set – HSHA, mass communication degree, 30 May 2011.</td>
</tr>
<tr>
<td></td>
<td>- I chose (name of institution) because my siblings/ friends studied here (mentioned by seven students)</td>
</tr>
<tr>
<td>Attitudinal Loyalty</td>
<td>- My parents influence me to choose this institution....it’s better than the others and highly recognized – HSHA, diploma in quantity survey, 30 May 2011.</td>
</tr>
<tr>
<td>Corporate image and reputation</td>
<td>- I think what they (other colleges) offered was about very much the same as (name of institution). I choose (name of institution) because of its branding – HSHA, international business &amp; marketing degree, 30 May 2011.</td>
</tr>
<tr>
<td></td>
<td>- I choose (name of institution) because it is a well-known and established higher learning institution…and it provides a comprehensive education – WCS, international business degree, 1 June 2011.</td>
</tr>
<tr>
<td></td>
<td>- My friend recommended this college...better choice...prestigious – HSHA, commerce degree, 30 May 2011.</td>
</tr>
<tr>
<td></td>
<td>- IT has a proven track record of producing students with quality academic achievements – WCS, hospitality degree, 1 June 2011.</td>
</tr>
</tbody>
</table>

students to withdraw from certain institution. Therefore, the scholarship programme should be effective in generating a feeling of obligatory response among the recipients in order to ensure that the recipients are also loyal towards the institution. Hence, programmes on relationship building can create opportunities for value creation, building trust and ensuring commitment among students. These will result in students recognising and appreciating the values and expectations of higher education and scholarship aids. The institution can assist by making it easier for the students to build this relationship by being clear in communicating the values and expectations. This class of students might not only continue to stay but also play an important role as advocates, encouraging others to stay or choose the institution. For example, having a strong alumni programme might provide a platform for institutions to be associated with students’ willingness to continue their relationship with the institution after graduation. Hence, students leave with good memories so that parting will be on terms that allow students to recalibrate the relationship with the institution. Once students have completed their education, they can still continue to maintain their relationship with the institution. They can be participating in the industry advisory panel or guest speakers or even by acting as the institution’s advocates for future
Table 3. Samples of captions of respondents’ comments: programme loyal and true loyal.

<table>
<thead>
<tr>
<th>Themes</th>
<th>Illustrative students’ comments</th>
</tr>
</thead>
</table>
| **Programme loyal - Loyal to the scholarship programme** | - (refer to behavioural loyalty – convenience seeker)  
- I will continue my study here as the scholarship is the opportunity that I have been waiting for me to realise my dreams and I really look forward to be a recipient in order to achieve my ambition – WCS, accounting & finance degree, 1 June 2011.  
- My success is my choice. That is why I have chosen the scholarship – WCS, management degree, 1 June 2011.  
- No doubt getting this scholarship and doing well are the steps I've taken in order to achieve my career aspiration– WCS, mass communication degree, 1 June 2011.  
- To make sure I achieve my dream of owning my own successful ad agency will materialise and not only remain a dream – WCS, communication & media degree, 1 June 2011. |
| **Financial constraint**                     |                                                                                                                                                                                                                                 |
| **Personal achievement**                    |                                                                                                                                                                                                                                 |
| **True loyal**                              | - This institution has become part of my heart through the priceless experience I gained, which is beneficial to my future – WCS, international business degree, 1 June 2011.  
- I recommended my institution to my friends/ others. (mentioned by six students)  
- I seek this scholarship for financial aid. However, this college gave me a chance to prove myself to excel as well as to contribute back and influence positively to the community – HSHA, accounting degree, 30 May 2011.  
- I have done my research on which university I should go to obtain the best quality education. I found (name of institution). A degree from (name of institution) would be a great achievement already – WCS, mass communication degree, 1 June 2011.  
- I would still go to (name of institution) because I am from (name of high school) which is under the same group of company – WCS, hospitality degree, 1 June 2011.  
- Financial is important. Although other colleges provide scholarship schemes, I didn’t apply. I wanted to come to (name of institution) badly because I think (name of institution) is the best – WCS, hospitality degree, 1 June 2011. |
| **Think highly of the institution**          |                                                                                                                                                                                                                                 |
| **Commitment**                              | A stable preference that was bound by an attitude of resistance to change (Iwasaki and Havitz 2004; Kiesler and Sakumura 1966).                                                                                                         |

Limitations and future research

The outcome was a result of in-depth interviews on selected groups of participants. One of the limitations of this method of collecting data is that it only represents the views of a rather small number of people. Hence, it might not be a good representation of the population of scholarship recipients.

Though it did not emerge as a theme in this study, evidences from previous studies (Helgesen and Nesset, 2007) identified satisfaction as one of the factors of loyalty relationship. However, there is also considerable debate about this relationship as it was indicated that increasing satisfaction does not necessary produce an increase in loyalty. There is also a possibility that satisfied customers still switch (Rowley 2003). Therefore, it would be reasonable to investigate this relationship further. Additionally, in this study, the interviewers did not manage to tab the emotional attachment (sense of belonging) that students might have towards the institution. Future study on student loyalty focusing on drivers of emotional attachment would be much needed.

Conclusion

In short, broadly speaking, the analysis shows a certain level of loyalty among the respondents. Findings strongly suggest that the scholarship recipients’ loyalty is a combination of both behavioural and attitudinal components. Even though a few of the students mentioned that financial issue was their reason for being loyal to...
the institution (convenience seekers) however, results also reveal that few others purposely (intentionally) opt for the institution as their preferred choice despite being offered other alternatives. In addition, findings strongly suggest that friends and siblings play an important role in their choice. Another important revelation of this study is that findings also support the idea that attitudinal loyalty among the scholarship recipients seems to centre on the feeling of credulous towards the status of the institution. Hence, it can be implied that the reason for attitudinal loyalty is extrinsic rather than intrinsic in nature. Their feeling of attachment to the institution is due to its reputation rather than the students’ own emotional attachment (sense of belonging). Students seem to be proud that they have been chosen by an institution of good reputation. This is acceptable as evidence from the analysis which indicated that students think highly of the institution hence; the propensity of true loyalty among these students is higher. They can be advocates of the institutions and through word-of-mouth which will influence others. Since they are scholarship recipients, they play an important role as opinion leaders among their friends. This scenario is reflected in this paper in which six students mentioned that they recommended the institution to friends/others.

With respect to how far is the level of loyalty, a few students expressed their loyalty towards the scholarship program due to personal achievements. They are loyal because they believe that the scholarship programme is the pathway to future success.

Conflict of Interests

The author has not declared any conflict of interests.

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