ABSTRACT

The purpose of this research was to examine, analyze, and interpret the results of the study on the description of the reference group, perceived value, the image of the institution, and the intention of the College student in selecting private economics institutions. To analyze review, and interpret the results of the study on the relationship of reference group with perceived value. To analyze review, and interpret the results of the research on the influence of partially, in particular: the influence of groups of references to the image of the institutions of students in private higher education. The influence of perceived value to the image of students in private higher education institutions. The reference group influences of students’ intention to choose private economics college. The influence of perceived value of students’ intention to choose private economics college. The influence of the image of the institution against the intention of the students to choose private colleges. Obtained results of study on the influence of simultaneous reference group and the perceived value of students against the intention of the student through the image of the institution. The methods used in this research was descriptive and explanatory survey methods. The type of investigation in this research was the causality, by finding causal relations as a result of an event that examined. While the unit of analysis in this study is institutions in Medan, as well as the observation unit the one year students, with the sample of 400 respondents. Findings in this research was apparently the image of the institution on students in selecting higher education institutions will be perceived positively when the student perceives the value felt by them. But the students intend to select a colleges when there is a reference group that encourages them. Indirectly, the student’s intention to select colleges specific are dominantly determined by students’ perceived value through the image of the institution.

Keywords: Reference Group, Perceived value, Institution Image, Student Intention
1. INTRODUCTION

Rank of accreditation in college has also become a major point for the candidate students in determining their choice especially for those who want to work in the government sector, based on the regulations that require the future work applicants work to derived from the study program with a rank of accreditation. Interest a prospective students and not choose private colleges as their colleges’ images main preference compared to the government universities as the private tends to be less familiar institutions than image universities.

The relatively less familiar and renown private institutions caused by value perceptions has affected the choices and as a result group references tends to be low and in turn it will influence the students’ choice making. From the study, there is an indication that senior high school graduates are not willing to pursue their higher education in economic sciences in Medan and it is a result of the institutions’ images.

The less familiar images tend to be caused by perceived value which is relatively low and there is usually an impression that pursuing higher education in economic and business school (STIE) is not that prestigious compared to big, large and wide universities.

Similarly, the leader of a specific reference group gives relatively low rating for continuing the study to economics and business school (school). Hence, it is very crucial to carry out a research about group reference influence and the values perceived by the customers in order to improve the institutions’ images, the implications of evaluation of students’ interest to choose a college.

2. LITERATURE REVIEWS

Frouzan Far at all. (2012:187) that, the theory of implied reference groups share the common experience that is owned by a group of people, if the experience of an individual have been evaluating behaviour, norms and values felt right for them.

Anwar and Gulzar (2011:48) explain the following things, when all the factors like service quality satisfaction, food, entertainment etc, raises the satisfaction of consumers or customers (Spreng, MacKenzie, dan Olshavsky, 1996). It is conceptualized as a result of the construction of the double (Yi, 1990). Different authors postulated that consumers who are satisfied will be loyal customers or purchase service repeatedly or became an endorser of the service by saying positive things through word of mouth (Taman 2004). According to Jordaan and Prinsloo, 200, one satisfied customers bring three other customers. Oh (1999) shows that the perception of quality, value, customer satisfaction, purchase intent, and Word of mouth support correlates positively with one another.

Alves (2010:76) reveal, some studies have found that the image and reputation of the University institutions greatly affect retention and loyalty (Nguyen dan Leblanc, 2001; Bloemer dan de Ruyter, 1998; Helgesen dan Nesset, 2007). According to Eskildsen et al. (1999), This variable really is one that has the greatest influence on the loyalty of students in higher education. However, loyalty is a concept that has been poorly applied in higher education

Webb dan Jagun (1997), This concept of measuring students’ willingness to recommend the institution to another student, wants to tell the positive things about the institution and the desire to come back later to continue his studies.
Bearden, Netemeyer and Teel (1989) in Pentina at all. (2008:119) expose, the consumer has a vulnerability to interpersonal influence defined as need for identifying or enhance one ' significant others ' image through the acquisition and use of the products and the brands, a willingness to conform to other people's expectations about purchasing decisions, and/or inclination to learn about the products and services of others and/or seek information from other people.

Manski (1993) in Almados at all. (2010: 622) says, the choice of consumer products can be the consequence of the choice groups see (endogenous social effects) or group characteristics (contextual effects). In addition, members of the group reference can behave in similar ways because of the factors in General observations (the effect of correlated).

Alves (2010: 77) explain, the model proposed by's Clow et al. (1997) proposes that the image of the company formed by real things such as pricing, advertising and from Word of mouth and that this image affects the satisfaction of directly and indirectly through the perceived quality.

Perceived value is the antecedent of the decision variables of students, it can be seen on some of the following information. Rajaguru and Matanda (2011: 17) stated that a functional attribute is physical evidence that affects the purchase motivation and decision making by consumers.

George Evans (2002: 135) explains that the customer perceived value approach is to try to identify how people evaluate the competing offer-with the assumption that when they make their purchasing decisions, they do so with the value as the main driver.

[Kuo-Ming Chu  (2009: 99) mentioned that research, Heskett et al. (1994) and Eisingerich & amp; ] Bell (2007) evaluating the relationship between customer value and loyalty. One model, called the ' service-profit chain puts to work ' encapsulates the concept of providing value to customers, in turn, will affect customer satisfaction, and customer satisfaction will in turn affect customer loyalty, which will affect the company's growth and profits.

Brown and Mazarol (2008: 86) reveals, the use of size VALUE is deemed to be appropriate for different values of service quality and consumer satisfaction give strong influence on purchase intent than the quality of service

Ngu yen and Leblanc (2001: 305) stated that from the perspective of marketing, there is the influence of the institutional image and reputation on the behavior of customers, regardless of the lack of empirical evidence. Many authors assert that the image and reputation of good institutions help organizations increase sales, market share.

Fox and Kotler (1995) in Alves (2010: 74) explains, the image and reputation of the institution are often more important than the quality of the image because it really felt and is able to influence the choices made by prospective students.

Alves (2010: 74) reveals, in their study of the image of universities, Shemwell and Yavas (1996), Landrum et al. (1998) and Parameswaran and Glowacka (1995) found that higher education institutions need to maintain or develop a different image to create a competitive advantage in an increasingly competitive market. These writers, reveal the image that is one of the main influences on the willingness of students to apply for registration.

The image of the institution is the intervening variables of reference groups and influence the perceived value of college students based on the following explanation. Alves (2010: 76) reveals, some studies have found that the image and reputation of the University institutions greatly affect retention and loyalty (Nguyen and Leblanc, 2001; Bloemer and de Ruyter, 1998; Helgesen and Nesset, 2007).
According to Eskildsen et al. (1999), this variable is actually one that has the greatest influence on the loyalty of students in higher education. However, loyalty is a concept that has been poorly applied in higher education. Webb and Jagun (1997), this concept of measuring students' willingness to recommend the institution to another student, wants to tell the positive things about the institution and the desire to come back later to continue his studies.

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Based on the framework of thought above, then the hypothesis of the research may be submitted is as follows:

- There is a reference to the group that influences the image of the institution.
- There is a perceived value against the influence of the image of the institutions.
- There is the influence of the group reference and values are perceived together against the image of the institutions.
- There is a reference to the group the influences the evaluation of the student's interest.
- There is a perceived value against the influence of evaluation of student interest.
- There is the influence of the image of the institution's response to the evaluation of the student's interest. There is the influence of the Group of reference, values perceived, and the image of the institution together against the evaluation of student's interest.

3. METHODOLOGY

Research methodology used is the descriptive survey method in order to have facts of symptoms that is and find arguments factually and methods of explanatory survey for the purpose of test relations and effect between variables in the treatment. The investigation type in this research was causality. While the unit analysis in this research is Private economic Calleges in the city of Medan, and unit observation are students first year. In addition, this research also cross sectional, because it is accomplished at certain time in 2014 (Sekaran. 2010: 32).

4. RESULT AND DISCUSSION

In this part, the testing of the fourth hypothesis about the influence of exogen variable of reference group (KRN) and the exogen variable of value experience by the college students (ND) towards an institution image (CL) will be conducted with the following model equation:
CI = 0.13*KRN + 0.71*ND, Errorvar. = 0.58, R² = 0.42

\[
\begin{align*}
(0.088) & \quad (0.158) & \quad (0.11) \\
1.60 & \quad 5.43 & \quad 5.27
\end{align*}
\]

In which:

KRN = Reference Group
ND = The Value Experienced
CL = Institution Image

Based on the above equation, it is seen that the value of reference group on institution image is 0.13 with t count 1.60 < 2 (not significant), whereas the value of institution image is 0.71 with nilai t count as high as 4.43 > 2 (significant). This shows that the dominant value is institution image rather than reference group. This means that institution image of Economics and Business Colleges will be well perceived by the students/prospective students if the value felt is highly perceived. Whereas the contribution of the simultaneous reference group and the value felt on the institution image is 0.42 or 42% with F count = 5.27 > 3.37 (Significant) as can be seen from the above equation. Other factors which affects institution image besides reference group results in a value of 58%. For this reason, it can be concluded that hypothesis 1, 2 and 3 are acceptable as “there is a significant reference group effect and the value felt by the institution image simultaneously.” The institution image is determined by reference group and the value felt, though the influence of reference group is relatively small. If seen partially, the dominant value felt to influence the institution image rather than reference group.

The testing of hypothesis seven about the influence of exogen variable of reference group (KRN), exogen variable felt by the students (ND), and institution image (CL) on the evaluation of students’ Interest (EM) simultaneously will be conducted.

The result obtained is by Lisrel program for the structural equation model, based on the hypothesis proposed is as follows:

EM = 0.13*KRN + 0.71*ND + 0.55*CL, Errorvar. = 0.46, R² = 0.54

\[
\begin{align*}
(0.088) & \quad (0.158) & \quad (0.21) & \quad (0.12) \\
1.60 & \quad 5.43 & \quad 2.63 & \quad 3.50
\end{align*}
\]

In which:

KRN = Reference Group
ND = The Value Experienced
CL = Institution Image
EM = Students’ Interest Evaluation

Based on the equation above, it is seen that the value of reference group effect on students’ interest evaluation is 0.66 with t count 4.28 > 2 (significant), while the value effect on students’ interest evaluation is 0.29 with t count 3.16 > 2 (significant), this shows that reference group dominantly influences the students’ interest evaluation rather than the value felt. This means that students can decide to choose certain Economics and Business College if there is a reference group recommending them to choose that Economics and Business College. The effect of direct reference group simulation, the value
felt, and institution image on students’ interest evaluation with the contribution of 54%, while the other 46% is influenced by other factors on students’ interest evaluation besides reference group and the value. Meanwhile, the contribution of indirect reference group, the value felt and institution image on students’ interest evaluation is 0.54 with F count 3.83 > 2 (significant), while the other 46% is by other factors. It can be concluded that hypothesis 4, 5, 6, and 7 are accepted, “there is a significant reference group, value felt, and institution image on students’ interest evaluation in choosing economics and business college simultaneously”. Economics and business college image will be positively perceived by the students. But the students will decide to choose the institution if there is a reference group pushing them to do so. But if seen indirectly, the evaluation on students’ interest is dominantly determined by the value felt through image institution.

Table of Hypothesis Testing

<table>
<thead>
<tr>
<th>Hipo-tesis</th>
<th>Structural Line</th>
<th>Coefisient (Standar-dized)/ R²</th>
<th>t-Value atau F-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reference Group → Institution Image</td>
<td>0.13</td>
<td>1.60</td>
<td>Not Significant</td>
</tr>
<tr>
<td>2</td>
<td>Value Felt → Institution Image</td>
<td>0.71</td>
<td>4.43</td>
<td>Significant</td>
</tr>
<tr>
<td>3</td>
<td>Reference Group and The Value Felt → Simultaneous Institution Image</td>
<td>R²=0.42</td>
<td>5.27</td>
<td>Significant</td>
</tr>
<tr>
<td>4</td>
<td>Reference Group → Students’ Interest Evaluation</td>
<td>0.66</td>
<td>4.28</td>
<td>Significant</td>
</tr>
<tr>
<td>5</td>
<td>Value Felt → Students’ Interest Evaluation</td>
<td>0.29</td>
<td>3.16</td>
<td>Significant</td>
</tr>
<tr>
<td>6</td>
<td>Institution Image → Students’ Interest Evaluation</td>
<td>0.55</td>
<td>2.63</td>
<td>Significant</td>
</tr>
<tr>
<td>7</td>
<td>Reference Group, Value Felt, and Institution Image on Simultaneous Institution Image</td>
<td>R²=0.54</td>
<td>3.83</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Source : LISREL processed result 8.30, 2015.

Based on the analysis result above, the economics and business school image that is reflected by the studying environment will be positively perceived if the students themselves perceive the value felt reflected by the relational value. But the students will choose the school reflected by desire if there is a reference group that pushed them, reflected by normative reference group. If seen indirectly, the evaluation on students’ interest to choose economics and business school reflected by the normative reference group is more dominantly determined by the value felt by the students reflected by relational value through institution image reflected by the studying environment.
5. CONCLUSION

If the reference group reflected by normative reference group followed by prospective students and the value perceived reflected by the relational value is positive, it will improve the institution image reflected by studying environment with the contribution of 42%, while the other 58% is influenced by other factors.

If the reference group reflected by the normative reference group followed by the prospective students reflected by the positive relational value, and strengthen by the institution image reflected by the good studying environment, then it can increase students’ interest in choosing economics and business college reflected by the desire with the contribution of 54%, while the other 46% is influenced by other factors.

Recommendation

To improve the institution image reflected by the studying environment, the value perceived by prospective students is reflected by the relational value which has to be improved and supported by the normative reference group, such as peers, parents, and close relatives.

To increase students’ interest in choosing economics and business school, the normative reference group needed to be considered by the school, besides the good institution image rated by the prospective students and the positively perceived relational value.
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