

# **FACTORS AFFECTING THE DECISION TO PARTICIPATE IN STUDY ABROAD PROGRAMS IN BUSINESS SCHOOLS: AN EXPLORATORY STUDY OF TWO UNIVERSITIES**

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## **ABSTRACT**

Study abroad programs (SAP) have played a significant role in globalization of business curricula over the years. A majority of previous research has examined different facets of SAPs in relation to undergraduate students in non-business school contexts. This exploratory study considers both graduate and undergraduate students in business schools and attempts to understand the factors that are critical to students' participation in SAPs. We focus on a combination of factors that include SAP components and attributes as well student specific characteristics. Initial analysis indicates that SAP cost, SAP content, and organizational and personal issues, in that order, are considered important by business school students. Significant differences exist in the importance of different factors used by students to choose to participate in SAPs based on gender, age group, family income, program level and program type.

## **INTRODUCTION**

Approximately three decades ago, The Association to Advance Collegiate Schools of Business (AACSB) called upon business schools to increase exposure of their students to global content and international business issues. As a result of globalization, opportunities and challenges for businesses and as a consequence for business students have become multi-faceted. More than ever, business school students are challenged to enhance their understanding of foreign cultures, economies, business environments and institutions. Hence a course, or major, or emphasis in global business is part of the curricula of almost every business school in the world today. In USA a key contributor to a business school student's exposure to global business environments and issues is the opportunity to study abroad. Irrespective of academic affiliation, SAPs enhance students' worldmindedness [2], global understanding and inter-cultural skills [11], interest in the arts, language, and history of a foreign country [5] thereby impacting intellectual development [6] and improving graduation rates [8] upon return from a SAP.

SAPs often consist of orientation programs, lectures, company visits, plant tours, and other field trips. While lectures and discussions may take place in both the host institution and foreign country, company visits, field trips, and plant tours take place in study abroad locations in most cases to maximize exposure to foreign environments. Programs are sometimes distinguished by focus or emphasis (for example, focus or emphasis on services, manufacturing, information technology, geopolitics, sustainability, ecotourism, etc). SAP durations also vary – sometimes programs are accelerated and last two weeks; in other instances, programs can be an entire semester- or year-long.

Irrespective of the many benefits, participation in SAPs is optional in many institutions and schools/colleges of business. As a result, an abundance of researchers have attempted to understand

issues related to student participation in SAPs. Recognizing that the final decision to participate in SAPs is the student's [9], recent research has shed light on how various factors such as student personality traits, backgrounds, interests, expectations, and perceptions impact participation in SAPs [3] [4] [9] [10]. Recent research has also investigated how SAP components (lectures, company visits, etc) and attributes (trip location, cost, duration etc) impact student participation in SAPs and the relative importance placed by students on different components and attributes [3]. However a majority of the existing research (a) focuses either on student characteristics or on SAP attributes, hardly on both, (b) studies undergraduate students in a majority of instances, and (c) is mostly situated in non-business school settings. Our work is an attempt to fill this void. We examine how a combination of factors such as SAP components and attributes as well as student characteristics impact students' decision to participate in such programs in two business schools in the United States.

## **RESEARCH QUESTIONS**

In light of these differences with the existing literature, we now state our research questions as follows –

1. What factors are critical in the decision to participate in SAPs? And, how critical are they?
2. Do men and women differ in their choice of factors and in their rating of how critical the chosen factors are for the decision making regarding SAPs?
3. Does age impact the choice of factors and the rating of how critical the chosen factors are for the decision making regarding SAPs?
4. Does annual family income of students impact the choice of factors and the rating of how critical the chosen factors are for the decision making regarding SAPs?
5. Do undergraduate and graduate students differ in their choice of factors and in their rating of how critical the chosen factors are for the decision making regarding SAPs?
6. Do students in full-time and accelerated programs differ in their choice of factors and in their rating of how critical the chosen factors are for the decision making regarding SAPs?
7. Is the intent to participate in SAPs related to the prior knowledge of the programs?

The first research question examines which factors are considered critical by business school students in the decision to participate in SAPs. Research questions 2, 3, and 4 investigate how student specific demographic and socio-economic attributes such as gender, age, and household income impact the choice of SAP components and attributes as students decide upon participation in SAPs. Research questions 5 and 6 are engendered partly by the distinctiveness of two student populations in our sample. Study [3] alludes to the fact that SAP participation rates often suffer due to incorrectly perceived impediments – such as delay in graduation, necessity to develop fluent foreign language skills, and too much time required to participate – by students. The authors further mention that effective communication strategies after understanding needs and factors considered crucial by students will help to dispel misconceptions and increase participation rates. Hence research question 7 is important.

## **DATA COLLECTION, ANALYSIS AND RESULTS**

### **Data Collection**

The data to address research questions was collected using a survey. To conduct the survey, a questionnaire was developed with an initial set of questions driven by discussion in the literature. The questionnaire is split into three main sections – (a) questions on SAP trip content such as importance of program emphasis, importance of components such as lectures, site visits, tourism opportunities, etc,

followed by (b) questions on cost and payment related issues of SAPs such as importance of total cost as a decision metric, the availability of financial assistance in the form of tuition reimbursement, etc, followed by (c) questions on organizational and personal issues such as importance of actual travel time frame, perception about a foreign country's/region's overall security situation, importance of faculty advisors' knowledge of the country/region, importance of prior information about SAP offerings, etc. The questionnaire also required respondents to choose SAPs from a variety of offerings (in terms of location and emphasis) based upon metrics such as travel timeframe, total cost excluding tuition, academic component, sightseeing opportunities, similarity of foreign country/region with the United States etc. The last set of questions relate to respondent demographic and academic variables. The survey questionnaire takes approximately 20 minutes to complete and is anonymous. On a majority of the questions, respondents provide Likert type responses on 1-to-5 scale of "not at all important" to "very important". A few questions required binary responses (yes or no).

## **Sample**

The survey in hard copy format was administered to a total of 1,744 graduate and undergraduate business students enrolled in the College/School of Business in two US universities – one large, public institution in Midwestern US, and the other a smaller, private institution focused on the liberal arts in Western US. These institutions were chosen since all co-authors are employed at these institutions, familiar with SAP offerings in their School/College and had access to student respondents. The institutions are accredited by different accreditation bodies but expectations regarding globalization of business curricula are comparable. Of the 1,365 surveys handed out, 1,018 completed surveys were returned. The survey sample was split in half between male and female students. Approximately 75% of respondents were below 40 years of age and about half reported annual family income in excess \$75,000. Graduate students comprise approximately 44% of the survey sample unlike studies in the existing literature which focus more on undergraduate students. A vast majority of survey takers were full time students in accelerated programs.

## **Analysis and interpretation**

Preliminary analysis consisting mostly of descriptive statistics was used to address the research questions 1- 6. A correlation analysis was performed to address research question 7. Given fairly large sample sizes, even small differences in means are likely to be statistically significant; hence we focus more on practical significance in differences.

### **Research question 1**

From the average scores obtained it appears that the most important criterion is the "total cost" of the SAP. The least important criterion appears to be "Similarity of the environment of the country visited to that in the US (language, food, culture, infrastructure, etc.)" with an average score of 2.63. With the mid-point on the Likert scale responses as "somewhat important" representing a value of 3, it appears that only three factors – (i) total distance traveled, (ii) similarity of the environment of the country visited to that in USA, and (iii) ability to make personal contacts for private purposes appear to be not so important (i.e., average scores below 3) in their relevance to the respondents' likelihood of participating in SAPs. In addition, within the category of trip content the most important factors appear to be exciting SAP location in terms of natural or cultural beauty and places visited that are steeped in local culture (average score of 4.12). The least important factor appears to be "The lecturers are nationally or internationally renowned" (average score of 3.52). In the organizational and personal issues category

“Actual dates of travel” and “Faculty advisors' knowledge about the country visited” appear to be most important (average score of 4.10) and “Similarity of the environment of the country visited to that in USA” appears to be the least important (average score of 2.63). Among academic components, it appears that the most important component is “business/site visits” with an average weight of 32 (out of a possible 100) and the least important is “free time” with an average weight of 21. The first part of this finding is supported by [7] in which SAP participants felt that more attention should be paid to extracurricular elements of SAPs such as company visits and plant tours. It is clear from the results that “Cost and Payment”, “Trip Content”, and “Organizational and Personal Issues” are important in that order. About 60% of overall respondents knew about SAPs offered before joining the university but indicated that it was not a deciding factor (average score of 2.24). Several of our findings pertaining to research question 1 are consistent with [3] which identified location and price to be the top two important attributes and curricular issues of SAPs to be among the least important attributes when students are deciding to study abroad. Furthermore, the importance of total cost is reinforced by the finding in [1] that cost is perceived to be a major deterrent for participation in SAPs.

### **Research question 2**

There are significant differences between men and women in their perception of importance of some factors associated with trip content. Items such as exciting location in terms of natural or cultural beauty, lectures, tourism/sightseeing components, knowledge of local culture, and business visits compared to other activities appear to have the most significant differences. The differences are in a single direction, women seem to place a higher importance value on those issues. Women also place a higher level of importance on the “total cost” factor of the SAPs. In the organizational and personal issues category, the relevance of four factors (i) total distance traveled, (ii) perception about the country's/region's overall security situation, (iii) ability to make business contacts and (iv) faculty advisors' knowledge about the country visited is perceived significantly differently by men and women in their decision to participate in SAPs. In light of these findings, it may be argued that womens' intent to participate in SAPs is possibly fueled by their interest to acquire cultural intelligence as a result of lower levels of ethnocentricism [4] but at the same time moderated by lower levels of risk propensity and issues pertaining to family and work [9].

### **Research question 3**

There are significant differences between age groups in their perception of importance of some factors associated with trip content. In the organizational and personal issues category, three factors – ability to obtain student leadership scholarship, ability to make business and personal contacts, and friends or acquaintances as fellow travelers appear to indicate significant differences by age category. In addition, as age increases the importance placed on availability of SAPs at a school/college for enrolling in a university seems to decrease. These findings can possibly be explained by lower levels of risk propensity, the perceived need to acquire cultural capital, and higher levels of entrepreneurial and other career related aspirations among younger age groups.

### **Research question 4**

Family income does not appear to be a differentiator for most factors except knowledge of local culture, total cost, and ability to make business and personal contacts. In all cases the relationship appears to be in one direction, the higher the family income the lower the importance placed on the factors. This seems intuitive because higher family incomes levels may have a moderating influence on the need to

acquire global cultural awareness and entrepreneurial aspirations through participation in SAPs. In other words, there is a higher likelihood that students from stronger economic backgrounds possess previous international travel experience and hence there may be a different set of motivating factors for such students to participate in SAPs.

### **Research question 5**

It appears that differences are not significant for many factors. Factors that appear to have significant differences are emphasis on business visits and tourism component, need for immunization shots, perception regarding level of prior knowledge about SAPs and perception of importance regarding the ability to participate in SAPs prior to enrolling in the University. In both cases, higher perceived importance was detected among graduate students. One possible logical explanation is the fact that completion of undergraduate education enables graduate business students to appreciate the need to broaden global knowledge and skills and sensitizes them about the need to participate in SAPs.

### **Research question 6**

There appears to be significant differences in factors such as attractiveness of location in terms of natural beauty, ability to learn about local culture, extent of free time for self exploration, etc. Students in accelerated programs assign lower importance to most of the factors compared to students in full-time programs. There are also significant differences in factors in the organizational and personal issues category. Higher importance values were assigned by full-time students to factors such as ability to make business and personal contacts, need for immunization shots, friends or colleagues as co-travelers etc. It also appears that students in accelerated programs were much better informed about SAPs and their likelihood of participating in SAPs was significantly higher than that of full-time students.

### **Research question 7**

Finally, to understand the relationship between intent to participate in SAPs and prior knowledge of the SAPs offered/available (research question 7), a correlation analysis was performed. The two variables are strongly related (correlation coefficient value of 0.15 with a '*p*' value of .00002) – i.e., higher the prior knowledge higher is the likelihood to participate in SAPs. This reinforces the contention of [3] that SAP participation rates are often negatively impacted by perceived impediments possibly resulting from lack of prior knowledge and not due to student disinterest.

## **CONCLUSIONS**

The total cost of the trip (45% important) was the single most important factor for students in their decision to participate in SAPs. This was followed by trip content (34%) and organizational/personal issues (21%). The least important factor was similarity of the environment of the country visited to that in the US in terms of language, food, culture, infrastructure, etc. Only a very small percentage of employers (4%) reimburse students for their travel expenses. Most of the cost is borne by the students themselves either supported by personal funds or student loans. With respect to the trip content, most important factors appear to be exciting location in terms of natural beauty and places that are rich in local culture. The least important factor appears to be the lectures. Other SAP content perceived to be important is business/site visits.

A majority of students (60%) students were somewhat familiar about SAPs when they joined the university. Based on their knowledge of SAPs, they were not very likely to participate in such programs. There was a high correlation between intent to participate in SAPs and the prior knowledge of the SAPs offered/available. In summary, factors that are critical for students to decide to participate in SAPs in order of importance are “Cost and Payment”, “Trip Content”, and “Organizational and Personal Issues.”

Based upon findings of this study, business schools/colleges should be more proactive in promoting the SAPs to students when they are recruited to the university and keep them informed of the programs on a regular basis. Colleges should attempt to cut costs of the programs by financially supporting SAPs and providing more scholarships and financial aid to students. SAPs should emphasize the learning of local culture and business practices by visiting local businesses and points of interest and focus less on traditional teaching paradigms such as lectures.

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Note – This is a considerably summarized version of a detailed paper (about 30 pages long) which can be made available upon request to the first author.