

Building Purchase Decision towards Private Higher Education through Perceived Value and Institution Image

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Abstract

The objective of this research is to formulate a conceptual model for study program selection at private universities (purchase decision), which shall be based on consumer confidence (consumer trust) observed on the basis of consumer perceptions of perceived value (customer perceived value) and the image of the institution (institution image) in Kopertis area III Jakarta. This research intends to prove the findings of the study previously conducted by Litten (1980); Yost and Tucker (1995); Petruzellis and Romanazzi (2010) that "Purchase" Decision made in accordance with Consumer confidence is determined by the image of service provider. This hypothesis is made based on the model developed by Anderson and Norus (1990) and also from Cubillo et al (2006: 102) who states that trust is built based on the perceived value received by the consumer and the image of the service provider. This study applies causality-explanatory approach. The method of data collection will be in the form of survey. This study uses primary data in the form of perceptions, opinions, and attitudes of parents, students, and other stakeholders as individual research subject. Regarding time dimension, this is a one shot study. The researchers analyze the data by using path analysis to produce a model which is able to represent the theory. The results of this study indicate that the decision to choose a course in Private Higher Education Institution in Jabodetabek must be based on direct and indirect Image and Perceived Value. Whereas customers' confidence towards education providers plays a role as a mediation to make course selection decision in private higher education institution, particularly for parents who are considering the best course and university for their children. The implications of this research, resulting from findings and outcomes, are as follows: first, the formation of new conceptual model of selection decision that could affect the course (Purchase Decision) Second, how trust is built through customers' perceived value and image, Private Universities reputation as a provider of educational service in this regards.

Keywords: Private Higher Education, Institution Image, Purchase Decision, Perceived Value, Trust.

INTRODUCTION

As the policy on the opportunity to provide higher education service was adjusted in accordance with the Law Number 23 of 2003 on National Education System, the form of market competition between universities was also altered from oligopoly into perfect competition market. Previously, peoples as customers do not have many alternatives to select the place where they will earn higher education degree because the market for higher education service is dominated by Public Universities (PTN) but nowadays higher education market in Indonesia, especially in some big cities in this country, Private Universities (PTS) also take their chance to compete in the market. Private universities in big cities like Jakarta, Bandung, Surabaya, Jogjakarta, Makassar, and Medan, join perfect competition market of which characteristics and structure of such market are among others: a lot of service providers are joined in the market, the level of competition is very high, consumers or prospective students have lots of choices to determine which university to select. As an example, in Area III Kopertis Jakarta which covers Jakarta, Depok and Tangerang areas there are 202 private higher education institutions in the form of Universities, Colleges and Institutes (Area III Kopertis: 2012) 209 post-graduate study programs (S2 and S3) are available within the area (KopertisWil III:2012).

On the one hand, the development of educational service industry brings positive impact to customers of prospective students, but on the other hand it may bring negative impact too. Such negative impact is triggered by the fact that too many choices may mislead people in making their decision because choosing a higher education institution is not a simple thing, it may be closely linked to someone's personal life, future, social life, economic issue, job or even family life and other party's life. As cited by Duarte et al (2009: 23) that, "higher education choice process is not easy, in large because it is an important and complex decision for students, not only in economic terms, but also because is a long-term decision which affects their future life." Moreover, Litten (1980); Yost and Tucker (1995) added that, "It can influence students' future career, friendships, future place of living and personal satisfaction." This choice may influence someone's career, future, circle of friends, future settlement, and personal satisfaction.

There are 3 (three) issues that may encourage rocketing number of PTSs: *first*, many prospective students cannot be accommodated by public universities at the beginning of each academic year. *Second*, government regulation which encourages the improvement of peoples' education quality requires higher qualifications than previous years, especially for people working for government institutions like government officials, teachers, legislators, etc. For example, government recently stipulates that the education background for middle school teachers shall be at least Strata 1 (S1), and Strata 2 (S2) for undergraduate school (S1) of higher education institutions, and Strata 3 (S3) for post graduate school lecturers, *third*, peoples' concern to improve their life quality through education.

Reflecting from the above-mentioned issue, to be eligible to join the competition in the market and to sustain its operational activities a private higher education institution must have a set of strategies to survive their business. One of those strategies can be implemented by identifying several factors that may affect prospective students' decision in selecting the place to continue their study.

In order to gain an understanding on customers' necessity, more thorough and in depth analysis towards the factors affecting customers' decision in selecting a product/service – education service in this regards – must be performed as rational buyers or customers may have various considerations which may lead to *utilities maximalization* they may get, by mean of comparing between goods or service they get with what they sacrifice (cost) for such goods or service.

Cubillo et al(2006:102) emphasizes that: “*it is very important for marketers to know the factors influencing the purchase intention of prospective students and to understand the nature of the relationship among those factors.*” Thus, it is very important for marketers to know the factors influencing the buying trend of a prospective student and to identify natural correlation between those factors since only by understanding those factors service provider will be able to select the most applicable strategy to meet customers' need and necessity.

The above-mentioned description can be used as the basis of consideration for this research to be conducted. This research is conducted in order to elicit which factors that may serve as the basis of customers' (prospective students') consideration to select a higher education institution.

It is expected that this research will benefit service providers and customers (students) to give positive impact to the government. As for service providers, the findings of this result may hasil penelitiaserve as the basis in providing educational service in certain way that it will respond to the demand from prospective students (customers); and for prospective students (customers), they will be able to get products/service which meets their *maximum utility*, also for government the findings may be the basis of their consideration regarding the development and improvement of the quality of educational service quality in the future.

To that end, the purpose of this research is to determine a conceptual model which may trigger a decision in selecting a higher education institution (*purchase decision*). **During the first step**, conceptual construction model for the Decision to Select Study Program in Private Higher Education Institutions, according to the theory and empirical evidences from Petruzellis and Romanazzi (2010), the Decision to “Purchase” is mainly determined by customers' Trust towards service providers, where in accordance with a model developed by Anderson and Norus (1990) such trust is established from *perceived value* approved by customers and *Image* of such service provider. **During the second step**, testing and selection to conceptual model of Study Program Selection at Private Higher Education Institution may revisit PTS marketing strategy and provide mutual impact between prospective students and quality improvement of such institution.

More specific objective of this research is to provide guidelines to educational service providers to meet the quality of service they provide in certain way that it meets the criteria required by customers and governed by government, i.e. meet the educational quality which bring more benefit than the amount of money they spent to get such educational service, and determine the criteria that may boost the image and trust of certain prospective student who wants to choose a study program.

LITERATURE REVIEW

Purchase Decision

Decision in accordance to Daft (2012: 212) shall be defined as “*a choice made from available alternatives*” or in other words, “to decide” equals to choosing one from many alternatives. Fosket (1999) in Petruzellis and Romanazzi (2010: 139) explains that *choice is an interactive, complex and multidimensional concept that involves a wide range of variables.*

In accordance with higher education institution, Gambetta (1996) and Maringe (2006) added that *in a context of institutional economic and cultural constraints it is based on socio-economic, cultural and ethnic conditions.*

Moreover, Fosket *et al* (2001) concludes that choice involves three important elements which are linked to each other, i.e. choice context, affected key influencer, and the chooser him/herself, “*choice involves three broad elements, such as the context, the key influencer and the chooser, which are interconnected in a*

complex dynamic.”

Basically purchase decision is a long process that must be followed by a customer before buying a product; to gain an understanding on how a customer reach a decision, therefore, the understanding about the sequence of such process must be gained, as stated by Lehto (1997) and Moreau and Dahl (2005) in Zhongjun Tang (2010: 181) that:

“In marketing and consumer science, there is a long history of studying purchase decision process and a considerable amount of conceptual and empirical work exists relating to how consumers make decisions. However, the vast majority of it has focused on understanding ways in which consumers learn about, construct preference for, and choose among existing standard products or services designed to meet their previously identified needs”.

In accordance with “purchase” decision variable Petruzellis and Romanazzi (2010:139) suggest that universities that intend to win the competition and strengthen their position shall focus their attention to the strengths that they have, one of their strengths lies on the merk or *image of such universities*, *“universities need to focus on their strengths or position themselves around aspects for which they are, or can become excellent Selanjutnya dikatakan bahwa: positioning, thus involves three elements, namely an institutional brand or image, the market segmentsto serve, and a communication strategy that underlines the institutional capability to reach the market.”*

Furthermore, Petruzellis and Romanazzi (2010:142) state that *understanding choice and decision making of students helps in better qualifying the institutional positioning strategy through a clear identification of customers’ “purchase” behavior.*

Customer Perceived Value

According to Kotler (2012), *Customer Perceived Value* shall be defined as the ratio between prospective customers’ evaluation towards all benefits and costs offered and other possible alternatives. This evaluation process may involve the exchange between what customers get (*customer total value, service value, image value*) and what customers sacrifice for that (*customer total cost, monetary cost, and non monetary cost* which involves cost, time, energy, and mental). Observed from the perspective of customers, high *value* is the main factor in performing purchase and sell transaction. (Hollbrook: 1994).

Kottler (2010) in Suliyanto (2010: 2) added that *Customer Perceived Value may reflect* customers’ expectation towards products or services that can meet their need. Added by Ziethmal (1988) and Li (2010: 23) that *Customer Perceived Value* shall be defined as overall assessment towards the added value of a product – observed from customers’ perspective value or what have been received by those customers.

Li’s research (2010: 20) is in line with the theory proposed by Lemon, *et.al* (2001), stating that *Customer Perceived Value* has major role in the relationship between buyer and company, which is established from many factors, namely ‘*quality, price and convenience.*’ Cronin (2000) defines *Customer Perceived Value* of purchasing process as ‘*customer’s overall judgment of quality and sacrifice to shop*’.

Mac Dougal and Levesque (2000) in Suliyanto (2009; 2), stated that *Customer Perceived Value* will bring ‘*long-term benefit*’ because *customer perceived value improves customers’ confident towards* certain product and encourage customers to perform repeated consumption towards the product or strengthen the bond between product or *brand that has positive perceived value.*

There are varied definitions of *Customer Perceived Value* (CPV) as cited by Li (2010; 30-33) from various sources, Anderson (1993) stated that CPV is related to monetary unit of the product. Whereas Burtz and Goodstein (1996) said that CPV tends to be directed at emotional form built in customers’ image towards certain brand, and customers assume that such brand has additional ‘value’ when it is compared with similar product from other brand. Moliner (2007) stated that CPV refers to customers’ experience after consuming certain product, which includes subjective assessment and emotional reaction after consuming certain product or service. Monroe (1990) said that *Customer Perceived Value* is a ‘*tradeoff*’ from quality or benefit gained from a product compared to the amount of money spent by customers. The most commonly used *Customer Perceived Value* theory developed by Woodruff, which states that *Customer Perceived Value* shall be defined as the evaluation towards overall product attribution, performance attribution, and consequences faced by customers after consuming certain product and additional value of such product when it is compared to others.

The shortpoint of *Perceived Value*, as cited by Yang and Peterson (2004), Holbrook (1994) as well as Petrick and Backman (2004), lies on the market research. Performing *Perceived Value* assessment is not an easy thing since only limited numbers of perceived value theories are available. *Perceived value Assessment*, there is on-going debate on *perceived value* dimensions. Thus, marketing and statistics aids are still needed, besides those two aids the knowledge on psychometry is also inevitably important, as mentioned in Jayanti and Ghosh (1996)’s article.

However, a lot of studies related to *Customer Perceived Value* have been performed, i.e. study performed by Dagger, *et.al* (2007) applied to health industry in Australia uses the dimensions of *service quality*

one's experience plus *interpersonal quality, technical quality, environment quality and administrative quality*. The result of such research shows the correlation between CPV and the level of customers' satisfaction. Another study has been applied by Moliner (2007) to tourism industry in Spanyol, such *Customer Perceived Value* dimension applies *Functional Value* which consists of *service quality, price and professionalim, emotional value and social value*. Kim (2008) who adopts Oliver's research model (2007) performs CPV research to e-commerce and they use *perceived service quality, perceived product quality and perceived price fairness in their researches*.

2.3. Consumer Trust

According to Morgan and Hunt (1999), *trust* shall be defined as the level of integrity, honesty, and competence from a party towards another, "*confidence on exchange partner's reliability and integrity*."

Trust must be viewed as critical element because it can maintain long-term relationship, the relationship between cutomers and service providers in this regards. Thus, Morgan and Hunts (1994:23) in Helen Wong et al (2012) defines *trust as when one party has confidence in an exchange partner is reaibility and integrity*. To that end, trust will be gained if an individual or a company has the ability to show something good so such individual/company can persuade another individual about his/her/its ability and integrity.

Then, in their study Chaudari and Holbrook (2001: 82), Morgan and Hunt (2004) re-emphasize that *trust* is the intention of most customers to believe in the ability of certain merk to contribute certain level of performance as it is expected or promised to be.

Trust may be defined as '*goodwill and willingness*' from the customers to take risk, and *goodwill* can be built from previous experience, whereas *trust* is the expectation towards positive result, as mentioned by Deutsch (1979) in Afzal, et.al (2011: 45) and *willingness* refers to customers' intention to face the risk dealing with the brand they consume. (Lau and Lee, 1999, in Suliyanto 2012: 2)

Doney and Cannon (1992) emphasize that *Consumer's Trust* is quite relevant with uncertain situation and has distinctive power towards different merks that belong to similar product. Garbarino and Johnson (1999: 71) said that *Consumer's trust* grows as a trust towards honesty and integrity towards seller, which is reflected from the attitude of its seller (Crosby, et.al, 1990).

During his research, Ching-Hsien, et.al (2002: 2) says that *Consumer's trust* will be built based on the initiative from the customers themselves and believes in what is offered by a *brand*. *Trust* will reduce uncertainty because customers know that certain brand is not only trustable *but also because the sellers are reliable, safe, and honest* in expressing the content of their product, said Arnjun and Morris (2001). Furthermore, Doney and Cannon (1997) added that *Consumer's Trust* may be created and developed through customers' experience in doung such consumptive activity which begins from the identification process towards such brand.

At the end of the day, *Consumer's Trust* based on the findings formulated by Garbarino and Johnson (1999: 71) may be perceived as the major component of the relationship between buyer and seller (Berry, 1995, Dwyer, 1987, Morgan and Hunt, 1994).

But it must also be noticed that *Consumer's Trust* according to Kabadayi and Alan (2012: 82) and cited by Casalo (2007) maybe perceived as a cognitive component because it only manifests in the form of emotional impulse and such impulse may entail customers' satisfaction from the previous purchasing experience (Anderson and Narus, 1990 in Afzal, 2011: 45)

Casalo *et al* as cited by Helen Wong (2007: 82) defines trust as *cognitive component, which may induce emotional response, cognitive component here includes emotional response*. Also, dealing with merk or product as cited by Doney and Cannon (1997) in Helen Wong (2007:82) state that *trust can be created and developed by direct experiences of consumers via brands, trust* can be built from direct experience of the customers. To this end, we can say that *trust* can be closely linked with individual belief towards reliability or integrity shown by other people, product, or company.

Afzal (2010) explains that *consumer trust is a variable that generates consumers' commitment. Particularly high involvement situation in which its effect is strong in assessment as a whole contentment*; Morgan and Hunt (1994) as cited by Chaudhuri and Holbrook (2001:82) define trust as *the willingness of the average consumer to rely on the ability of the brand to perform its stated function*.

The benefit of the raising of customers' need is reducing uncertainty in certain way that customers can reduce time allotted for shopping and uncertainty as cited by Arjun and Morris, 2001 in Kabadayi and Alan (2012: 2) *trust can reduce uncertainty, because the customer not only knows that brand can be worth trusting, but also thing that dependable, safe and honest consumption scenario*.

Institution Image

Worcester (2001) in Riadh (2011: 120) states that company image shall be defined as "*net result of the interaction of all experiences, impressions, beliefs, feelings and knowledge people have about the company*", where *image* can be defined as public's overall perspective towards certain company.

According to Dobni and Zinkhan (1990) *image is a perceptual phenomenon that is formed by the sum of beliefs, attitudes and impressions that a person or group has of an object*. Gronross (2001) states that *images are created from service quality and customer satisfaction*.

Latest study from Kassim and Souiden (2010) indicate that company's good image may develop and maintain good relationship with customers, even increase target market and selling. It is not only company's image, says Tsung-Chi (2007: 135), but reputation must have something to do with the relationship between customers and service providers.

Landrum et al. 1998; Arpan et al. 2003 states that *university image can be defined as the sum of all the beliefs an individual has towards the university*. University image can be defined as individual overall belief towards university whereas Jenkins (1991) *emphasizes the need for organizations to have a visual identity, as a way to project their self-image*. Jenkin emphasizes the importance of real identity for organization since real identity is the way a company shows its image, *elements like its name, logo, tagline, color palette, facilities, former students, course offer, academic reputation, and university's public behavior, are some of the elements that contribute to university image representation*. To this end Cossier (2002) stated that *in a recent Human Sciences Research Council study, wherein he found the reputation of the institution and/or programme of study to be the most important assessment criterion when a scholar is choosing a place of study*

Alessandri (2001) states that *favorable corporate image is an important resource as it provides organizations with a competitive advantage by stimulating potential publics*. As cited by Sung and Yang (2008) that *corporate image is important to attract potential publics, enhance buying intentions and satisfaction, develops loyalty and increase sales, or in other words company's image is an important factor in luring potential customers, reaching buyers' necessity, creating satisfaction, developing loyalty and increase selling*.

In accordance with the above-mentioned issue, **Nguyen and LeBlanc** (2001); Weissman (1990) stated that *university's image could be a critical factor influencing students' choice process*.

One of many factors suspected to involve choice is the image towards selected objects. Ditcher (1985) defines *image as "the total impression an entity makes on the minds of others."* Therefore, *image represents a simplification of the combination of a large number of associations and pieces of information connected to an object, person, organization or place*. Image is a set of feelings towards something kept in someone's mind. To that end, image is the simplification to the combinations of a series of links; which covers many information related to objects, individuals, organizations, or places.

The Findings of Previous Researches

Hooley and Lynch (1981) finds out that universities selection is determined by course suitability, academic reputation, university location, distance from home, type of university; modern/old advice from parents and teachers. Furthermore, Gounros (2005: 129) Ganesan (1994) Moorman (1993) said that trust may increase if perceived value towards product in customers' perspective is positive or in other words there must be positive relationship between Perceived Value and Consumers' Trust.

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In accordance with that, Nguyen and LeBlanc (2001); Weissman (1990) said that *university's image could be a critical factor influencing students' choice process*.

In more recent study, Donney and Cannon, (1997) in Cassalo, et. al. (2011, 201) Reputation may bring benefit to the company because reputation is the indicator of *competitive advantage* or in other words company's good reputation shows high level of competitiveness, and this will encourage customers' *perceived value* towards company.

RESEARCH DESIGN AND METHOD

This is an explanatory-causality research that will be completed in 1 year and will be performed in Private Higher Education Institutions within Area III Kopertis and data processing will be performed in the Computational Laboratory of Economic Faculty of Esa Unggul University, Jakarta.

Research Design

This research applies explanatory-causality approach towards external stakeholders which consist of students,

alumni and parents who are able to explain perception, opinion and attitude towards knowledge management in those fields. This study uses explanatory-causality approach because this research reveals causal relationship between independent variable and intervening as well as dependent variables, also to propose a hypothesis.

This study applies primary data collected by using survey method in the form of perception, intention, opinion, and attitude of *potensial customer* in selecting higher education institutions. The data are collected from a number of private higher education institutions (PTS) which open pos-graduate programs within Area III Kopertis, DKI Jakarta

Survey will be performed by using *instrument* survey in the form of *questioner* and arranged in accordance with indicators and variables assumed to influence students' universities' decision making. Indicators that may be used as the materials for evaluation must be arranged in accordance with construct theory displayed in literary review chapter.

Population

Population of this study shall cover students and parents who have experienced of being customers of Higher Education Institutions within Area III Kopertis.

Sample

The amount of sample according to Hair *et al* (1998) shall be 5 to 10 times from total amount of indicators or according to Ferdinand (2002) with *maximum likelihood estimation* (MLE) between 100-200. 150–300 samples will be used in this study minimum threshold of 150 and maximum 300 customers in MLE interval. Thus, this study will apply 250 respondents.

Data Sampling Technique

From available sample frame, 250 respondents are taken as samples for this research which are selected by using *purposive sampling technique*. They are classified into students and parents groupings.

Data Sources

Data sources of this study are primary data in form of opinion, attitude, justification, and perception. The respondents of this study comprise of staffs, teachers, and other members of society, respondents' question are compiled in form of questionnaires made from indicators of each research variable and given weight based on interval scale.

Analysis Method

This research applies causality method which uses the correlation and influence between dependent and independent variables along with the factors related to those variables. To perform data analysis *the Structural Equation Modelling* (SEM) is used. SEM Modelling assure dimensional answers for research question, Yang *et. al.* (2004)

SEM Equity model is a set of statistical techniques which enable the testing of a series of simultaneous relative correlation (Ferdinand, 2006). The benefits of using SEM application in a managerial research lies on its ability to confirm the dimensions of a concept of factor.

Two models of SEM Technique applied in this research are:

1. *Confirmatory Factor Analysis*

This analysis is applied to confirm the most dominant factor in a group of variable. In this research confirmation factor analysis is applied to perform indicator test which forms the factors of each variable.

2. *Regression Weight*

In SEM, Regression Weight is used to observe the level of the following influences:

- a. Variabel Perceived Value and Corporate reputation towards Trust
- b. Variabel Trust, Perceived Value and Corporate Reputation towards Decision

A complete SEM model basically consists of *Measurement Model* and *Structural Model*. *Measurement Model* or Assessment Model is aied to confirm the dimensions developed into variables. Whereas *Structural Model* is a model showing relationship structure which forms or explains the causality between variables.

Hypothesis

In accordance with theory and empirical data discussed earlier, the following hypotheses will be proposed:

- H₁ : *Perceived Value significantly affects Consumers' Trust*
- H₂ : *Institution Image significantly affects Consumer's Trust*
- H₃ : *Perceived Value significantly affects Purchase Decision*
- H₄ : *Institution Image significantly affects Purchase decision*
- H₅ : *Customers' Trust Benefit significantly affects Purchase Decision*

Data processing is performed by SEM in order to test Hypothesis 1 until 5. Determined significance level (α) will be 5% or 0.05 with *critical ratio* value of 1.96. Hypothesis 1 until 5 are approved if it reaches significance probability value (p) less than significance level (α) of 5%, and the value of *critical ratio* will be approved if significance level reaches (α) 5% if *critical ratio value* is more than 1.96.

FINDINGS

Validity dan Reliability Tests

Validity test measured by using *First-Order Confirmatory Factor Analysis* assures that all indicators are the constructs of research Variables. All Indicators in *Institution Image, Trust and Purchased Decision* are appropriate constructs for those variables, with loading factor more than 0.4 and reliability value more than 0.5. Only *Perceived Value* variable is completed with 1 indicator, i.e. low cost, which does not belong to the construct for Perceived Value, with loading value of 0.2 and reliability under 0.1 and such indicator is not included in the research. And there are only 23 indicators to be analyzed. After performing validity and reliability tests, normality will be checked, thus all indicators will be normally distributed, Critical Ratio for skewness must be higher than 2.58 ($\alpha=0.01$) in accordance with Rules of Thumb from Hair (2010) and Curran (2007). In accordance with *Mahalonobis Distance value*, only 4 respondents have outlier answers but they are included in this study because all data must be normally distributed.

Respondent Profile

Questionnaires are distributed to 300 prospective respondents, filled out completely by 251 respondents. Respondents of this research is everyone who directly involved in selecting Private Universities, 65% consists of students, 26% are parents, and another 9% are besides students and parents. 68% respondents are individuals who make a selection for Under-Graduate and Diploma levels, and the rest 32% respondents are the ones who make a selection for post-graduate. 35% respondents select PTS in West Jakarta area, 30% in East Jakarta, 15% of PTS in South Jakarta, 10% PTS in Central Jakarta, and the rest of the respondents select other PTS within Area 3 Kopertis.

Descriptive Analysis

The result of descriptive analysis reflects the answer of average respondent towards every indicator in each variabel. In Institution Image part, 90% respondents agree that the image of graduate quality is the most notable factor from this variabel. Regarding Perceived value, the most appropriate consideration for respondents who select PTS are easy access to get job and "simple and satisfactory" image from administrative service, both factors are agreed by about 85% respondents. Perceived from Trust variable, according to the respondents there are a lot of things left to consider, i.e. learning process must be in accordance with what has been advertised on the media, reliable campus satisfaction and campus management, those three indicators are approved by more than 85% respondents. Last but not least, Purchased Decision, 90% respondents agree that the PTS they choose now is the most appropriate option.

Result of Model Testing and Hypothesis Testing

In initial model, FIT Model measurement shows CFI value ($= 0.925 > 0.9$) and RMSEA value ($= 0.042 < 0.1$) resulting value is quite good but p-value of Chi Square is too small, i.e 0.015. To fix this model x7 indicator must be eliminated. In the next testing, RMSEA value is decreasing into the level of 0.039 and CFI value increases into 0.97, and p value increases into the level of 0.094. Thus, we can say that the model is fit.

After confirming that this model is FIT, from standardized regression line, the following result can be displayed;

Table . 1. Estimation of standardized Regression Line Coefficient

	Estimates
Trust ←---- Institution Image	0.339
Trust ←---- Perceived Value	0.358
Decision ←-- Institution Image	0.251
Decision ←-- Perceived Value	0.139
Decision < --- Trust	0.357

Thus the result of Parameter Model will be as follows:

Table 2. Result of Parameter Model Hypothesis Test

No	Relation	Hypothesis	p-value	Conclusion
1	Image → Trust	$H_0 : \gamma_1 = 0$ $H_1 : \gamma_1 \neq 0$	*** (< 0.01)	H_1 is Approved
2	Pvalue → Trust	$H_0 : \gamma_2 = 0$ $H_1 : \gamma_2 \neq 0$	*** (< 0.01)	H_1 is Approved
3	Image → Decision	$H_0 : \beta_1 = 0$ $H_1 : \beta_1 \neq 0$	0.021	H_1 is Approved
4	Pvalue → Decision	$H_0 : \beta_2 = 0$ $H_1 : \beta_2 \neq 0$	0.048	H_1 is Approved
5	Trust → Decision	$H_0 : \beta_3 = 0$ $H_1 : \beta_3 \neq 0$	*** (< 0.01)	H_1 is Approved

By observing the above-mentioned list and calculating Total Effect score of those three variables: Institution Image, Perceived Value, and Trust towards Purchased Decision we may derive the result that the biggest Total Effect is contributed by Institution Image towards Decision, of which value is 0.386 whereas Trust towards Decision only has Total Effect from Direct Effect in the level of 0.37.

Determined coefficient value towards Decision reaches the amount of 40%, which means the change towards purchasing decision variation resulting from the variation of Trust, Institution Image and Perceived Value will reach 40%, whereas the remaining or error term will reach 60% because there are another variable besides those three research variables.

The result of Sobel Test shows that Trust variable plays a role as intervening between Institution Image and Trust and between Perceived value and Trust. The results of both calculations show the value under 0.05.

The result of this research is in accordance with the findings formulated by Alessandri (2001), Sung and Yang (2008) which mention that institutions with good image are important sources of competitive advantage because only through image we can stimulate peoples' potential. In line with Nguyen and LeBlanc (2001); Weissman (1990) cites that; "university's image could be a critical factor influencing students' choice process. Also in more up-dated research, Donney and Cannon, (1997) in Cassalo, et.al (2011, 201) Reputation gives profit to the company because reputation is an indicator of *competitive advantage* which means company with good reputation is the signal of high competitive advantage and such reputation may encourage customers' *perceived value* towards company.

CLOSING

Conclusion

The impact of Perceived Value, in this case stakeholder perspective towards PTS quality shall be compared with the amount of money spent to earn education in the level of higher education, bring significant impact towards PTS selection. In other words, in selecting PTS stakeholders must be able to be rational and take careful decision before enrolling to certain PTS, either by considering its subjects' quality, lecturers' quality, and overall university's quality.

Similar with *Perceived Value variable*, PTS Reputation variable (*Institution Image*) also significantly affects students' PTS selection. This indicates that prospective students, based on their parents' consideration, need to perform an assessment towards PTS reputation before making their decision. Prospective students will assess PTS reputation before making their decision, prospective students may consider whether a PTS has good reputation or not because a company's reputation lies on its employees.

From the result of calculation and data processing the researcher finds out that *Perceived value and institution image* play important role in selecting a PTS. It is reflected from the result of statistics calculation showing direct impact PV towards the decision to select PTS in the amount of 0.139; whereas its indirect value reaches the amount of 0.32. Whereas at the other side the impact between PTS impact reaches the value of 0.25 and its indirect impact reaches the amount of 0.138. It shows that customers select PTS due to its PTS quality and image and only small amount of customers who neglect the role of trust in selecting PTS.

Impact contribution between Perceived Value variable and Image PTS towards peoples' trust for PTS is in the amount of $R^2 = 0.42$ compared to the contribution of Variabel Perceived Value Image of PTS and the Trust towards PTS Selection is in the amount of $R^2 = 0.4$ and it shows that the role of variable Trust does not give meaningful contribution towards PTS selection.

Implication and Suggestion

This study formulates the following findings and output: first, Perceived Value significantly affects PTS selection. This also means that each PTS must consider its quality, in forms of learning activities, teachers, facilities, and overall institution. Second, PTS image is the most affecting variable for PTS selection and the implication of this finding is producer or PTS service provider must be able to keep PTS Image.

One of indicators used in this research is *image*, from this indicator the competence of the students and competence as well as credibility of PTS's graduates can be observed. In other words, every PTS must conduct teaching quality development and create favorable academic ambience that may encourage the improvement of students and graduates' competence. Third, the researcher expects that these findings may bring an implication towards conceptual and empirical models which reveal that PTS selection in Indonesia is built from the components of quality and *image*.

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