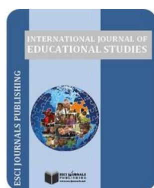
Int. J. Educ. Stud. 03 (03) 2016. 97-103



Available Online at ESci Journals
International Journal of Educational Studies
ISSN: 2312-458X (Online), 2312-4598 (Print)
http://www.escijournals.net/IJES

BRAND CONSCIOUSNESS AND COLLEGE DEBT: DOES STUDENT ATTENDANCE LOCATION MAKE A DIFFERENCE?

[a]Michael T. Miller*, [b]Everrett Smith
[a] *College of Education and Health Professions, University of Arkansas, USA.*
[b] *College of Education, Criminal Justice and Human Services, University of Cincinnati, Ohio, USA.*

A B S T R A C T

A record number of college students are incurring debt to support their attendance in postsecondary education. Much of this debt, however, may be used to finance the enrollment in institutions that have a 'brand' name, rather than the low-cost local providers. Aside from any discussion of institutional quality or perceived quality, two samples of institutions were selected for the current study. 'Brand' name institutions typically enrolled higher numbers of out-of-state students and lower numbers of Pell-grant eligible students than those institutions that focused on providing regional postsecondary opportunities. Findings suggest that regional institutions do indeed serve a different population, that is, those students who struggle to afford higher education opportunities, while nationally 'branded' institution enroll students who voluntarily incur debt with the knowledge that they want to enroll in a more nationally branded institution.

Keywords: Student debt, access, enrollment management.

INTRODUCTION

Young adults attend college for many different reasons. Some use the opportunity for self-exploration and as a safe-haven for maturation, while others see the experience as job training for future employment. Faculty and administrators have similar perspectives on the collegiate experience, as some dissuade the emphasis on career preparation and others solely define college as a job training experience (Shaprio, 2005). The result, combined with expansive facilities, changed thinking about public financing, rising technology and infrastructure costs, and new perspectives on the physical setting of the college campus have resulted in an escalating cost of attending college.

Institutional responses to rising costs have been to pass the increased cost on to the student, resulting in higher tuition. The average tuition to attend a four year college was reported to be $7,171 in 2007-2008 as compared to $1,726 in 1987 (Johnstone, 2011). This 315% increase means that students should find creative ways to finance their education, resulting in greater parent participation and investment, greater emphasis on part-time employment (Broadbridge & Swanson, 2006), the decision to not attend college, and increasingly, using loans to finance college (Furr & Elling, 2000).

Student loans can be complex instruments for young adults to understand, and with popular depictions of moving directly from college into high-wage jobs, many students take the risk of amassing substantial debt. The level of debt among college graduates has consistently grown over the past two decades, resulting in debt levels among graduates that is unsustainable and that they are unable to pay back, causing both high institutional default rates that place the institution at risk, damage to future credit ratings (impacting other loan opportunities, such as for home mortgages), and damage to the financial institutions who support the loans. The national student loan industry has now surpassed the $1 billion level (Braunstein, McGrath, & Pescatrice, 2011), and does not include college student use of credit card misuse as a supplement to formal loans.

Financial decisions are one significant element in the decision making of college-going students, and these

* Corresponding Author:
Email: mtmille@uark.edu
© 2016 ESci Journals Publishing. All rights reserved.

decisions are often made in concert with parents or guardians. These new students make their decision to attend college based on rational criteria such as available majors and financial resources, but students also make decisions based on perceived potential benefits, such as projected return on the college going investment. For this second group of students, they may make decisions about enrollment based on a name "brand" rather than what they can realistically afford without accumulating significant debt. Therefore, the purpose for conducting this study was to examine the differences between institutions that serve as a destination "brand" campus as compared to those with a regional focus and service role.

BACKGROUND OF THE STUDY

Student decisions about enrolling in college have generally been divided into two groups: economic or financial perspectives on college choice or sociological dimensions to college choice (Schmit, 1991). The financial view of college choice generally focuses on a combination of affordability and projected return on tuition spent for the college investment (Stage & Hossler, 1989). Sociological studies have focused more on the social dimensions of choosing to attend college, and include such variables as parental and peer influence (Stage & Hossler, 1989). Smith (2006) summarized much of the literature on college choice and arrived at the conclusion that individual behaviors are motivated by both social and economic drivers, and that often the outcome is a compromised perspective on which college to attend and why. She further noted that despite a wide variety of confounding variables, students generally perceived academic quality, reputation, major availability, and size of the college as the dominant influencers of college choice. The fifth variable she identified was financial aid availability, presumably including the availability loans.

Financial elements of attending college have been identified as critical for some students, and Kim, DesJardins, and McCall (2009) particularly found that financial aid packages impact certain minority groups' college decisions. In particular, they found that lower economic status prospective students, as well as those from minority groups, generally were more closely tied to the expected price and out-of-pocket payment for tuition, meaning that financial aid offers were critical to making a college choice. Such a finding is consistent with the element of price in making certain types of consumer decisions, as well as the general discussion of higher education price. The Kim, DesJardins, and McCall findings were conceptually consistent with the purpose for designing the current study, in that the decision to be price sensitive would result in these students selecting an institution based on cost and convenience rather than projected return-on-investment of tuition dollars. In essence, students in these situations choose the lower priced, local institutions rather than possibly borrowing more to purchase a larger name 'brand' institution.

The concept of a product or service 'brand' can be a powerful variable in purchasing decision-making (Malik & Guptha, 2014), and can result in purchasing decisions based on loyalty to a brand rather than fiscal wisdom. Examples could include Nike's Air Jordan, the Sony Playstation, and Callaway's Big Bertha golf club, all of which have a high level of brand identity and accompanying prestige with ownership (Bertini, Gourville, & Ofek, 2008). The notion that branding can result in impulsive or illogical financial behavior crosses cultures (Husnaim & Akhtar, 2016), and is increasingly tied to lifestyle research where brand affiliation gives the perception of a certain style of living, priorities, etc. (Satchu, 2016).

In addition to the variety of writings about student choice decision patterns, there is a wide and varied body of literature on student loan debt. These range from economic analyses (Federal Reserve Bank, 2014; Avery & Turner, 2012), to racial analyses (Addo, Houle, & Simon, 2016), and a variety of other variables such as marriage (Givecha, 2012), gender (Fonseca, Mullen, Zamarro, & Zissimopoulos, 2010), and persistence (Gladieux & Perna, 2005). These writings seem to offer inconsistent findings, with some suggesting that debt is a negative consequence of attempting to pursue higher education if the student is underprepared to those who see debt as a gate-keeping activity that works to assure higher education retains a level of prestige and buying power.

Research on student debt does seem to be consistent in that student borrowing has increased, and that for many students, the process of taking out loans to pay for an activity that is beyond their reach or preparation is faulty and leads to unnecessary levels of risk. Debt can also be a tool of instruction, teaching students how to manage their finances with a high level of personal responsibility. Debt and loans among proprietary institution students has been reported as particularly

problematic with perhaps fewer benefits, other than possibly serving as a tool for creating adequate wealth to access postsecondary education. There are some reports that claim proprietary institutions engage in predatory behaviors to enroll students to claim their loans and simply see the student as a source of tuition rather than a student to be educated and developed. Regardless of the consistency of research on student debt, there is a need to further understand how debt is accumulated and how structured, and understand who is accruing the debt and for what reason.

RESEARCH METHODS

Debt data were extracted from The Institute for College Access and Success (ticas.org) for the 2014 academic year. These average debt reports were computed for undergraduate enrollment only. Enrollment percentages were taken from the Common Data Set reports available on each institutions website, specifically drawing upon the institution's response to question F-1 under student life, indicating the percentage of instate and out of state undergraduate students (not counting non-resident aliens). The Common Data Set (CDS) data were taken for the 2014-2015 academic year. In one instance the 2014-2015 CDS data were not available, so the previous three years of CDS responses were identified and averaged to serve as a proxy for the percentage.

Institutions were randomly selected into two groups, with replacement. The first group of institutions (*n*=30; see Table 1) were randomly selected from the membership of the Association of Public Land Grant Universities. These institutions represented the "brand-name" institutions, meaning that their name recognition was identified as an important aspect of their institutional heritage and identity.

Table 1. Group 1: Brand Name Institutions.

Institution	% Out of state students	Average Debt. in $	% w/Debt.	% Pell
Alabama	49.7%	29,320	45%	20%
Arizona	28	22,761	52	33
California-LA	5	20,759	48	31
Clemson	31	30,213	49	19
Colorado	38	25,126	46	16
Connecticut	22	24,999	64	NR
Florida	3.98	20,642	44	30
Florida State	9.8	24,347	54	32
Georgia	9	21,638	46	23
Indiana	31.10	27,300	51	16
Iowa State	31	28,880	62	21
Kansas	24	25,628	53	21
LSU	18	22,294	39	20
Maryland	20	25,131	45	18
Michigan	37	26,510	45	NR
Mississippi	37	26,443	49	NR
Missouri	25	25,321	55	21
Nebraska	21	23,395	59	NR
North Carolina-CH	17	18,945	41	21
Ohio State	16	26,830	56	NR
Oklahoma	34	23,151	49	NR
Oregon	41	24,508	50	22
Penn State	31	36,935	63	NR
Pittsburgh	26.6	36,466	67	NR
Texas	5.2	27,207	55	25
Texas Tech	6	25,306	56	29
Utah	20	20,019	39	29
Virginia	28	22,933	36	14
Washington	16	21,532	46	NR
West Virginia	48	27,332	67	NR
AVG	24.3%	25,396	51	22

The second set (n=30; see Table 2) of institutions was selected from members of the American Association of State Colleges and Universities (AASCU). These institutions range in program offerings from masters to doctoral degrees, but despite their differences, tend to view their geographic region as a service unit as their primary constituents.

Table 2. Group 2: Local Institutions.

Institution	% Out of state students	Average Debt. in $	% w/Debt.	% Pell
Angelo State	3.0	25,508	67	39
Appalachian State	9	21,693	57	26
Arkansas Tech	5	29,865	62	51
Austin Peay (TN)	11	28,820	60	48
Cal State-Bakersfield	1	11,735	90	60
Cal State-Los Angeles	0	14,788	54	68
Central Missouri	10	27,424	78	32
Columbus State (GA)	16	30,142	70	45
Dakota State (SD)	31.3	24,728	79	18
Eastern Illinois	4	31,219	82	37
Eastern Kentucky	14	27,438	71	41
Eastern Washington	6	27,259	57	40
Ferris State (MI)	6	35,720	83	39
Fort Lewis (CO)	47	19,507	62	35
Indiana-Kokomo	32.59	26,651	74	32
Marshall (WV)	23	26,625	67	43
Nebraska-Kearney	8	23,229	59	32
North Alabama	16	29,839	72	34
Northeastern St (OK)	5.4	24,431	67	44
Northern Iowa	6	23,163	75	26
Pitt State (KS)	27	23,307	68	37
Portland State	14	28,410	62	35
South Carolina-Upstate	5	22,660	67	42
Southern Mississippi	16	17,806	67	46
St. Cloud State (MN)	9	31,953	74	28
SUNY-New Paltz	3	25,874	63	26
Western State (CO)	26	21,251	60	24
Wisconsin-La Crosse	17	25,932	67	22
Wisconsin-River Falls	53	27,134	76	28
Wright State (OH)	3	30,778	71	NR
AVG	14	25,496	69	37

FINDINGS

For the “brand” name institutions, the average debt was $25,396, with 51% of all graduating students holding some debt. These institutions also enrolled, on average, approximately one-quarter of their enrollment from out-of-state students (24.3%), presumably paying a higher tuition rate than their in-state counterparts. For the local institutions, the average student debt was $25,496 with 69% of students holding some debt, but only 14% of the student population enrolling from out-of-state locations. The other data considered was ability of the student to pay, as suggested by the percentage of students who were identified as Pell-grant eligible. For the brand institutions, 22% of the students fell within the Pell-eligible classification, and for the local institutions, 37% were Pell-eligible.

Independent samples t-tests were conducted on the variables of debt level, percent with debt, and the percentage of students who were Pell eligible. No significant differences were identified between debt level between the two groups of institutions (f=1.052; Sig. .309); however significant differences were identified between the groups for the percent of students graduating with debt (f=.000 Sig., .000) and the percent of students who were Pell eligible (f=5.459; Sig., .024).

A second level of analysis was conducted by extracting the institutions in each group that had the most pronounced level of variable in the study, meaning that for the brand name institutions, those with the highest percentage of out-of-state enrolled students were extracted and compared to the local serving institutions with the lowest level of out-of-state enrollment. The brand name institution sample was limited to those institutions with at least 25% out of state enrollment (range 26.6% to 49.7%) and the local institution sample included those with out-of-state enrollments under 10% (range 3% to 9%).

In the second level of analysis, a significant difference was detected between the mean number (percent) of out-of-state students served (B=34.42%, L=4.89%; $p>.001$) and the percent graduating with debt (B=52.40%, L=68.53%; $p>.000$) and the percentage of students who were Pell eligible (B=20.22%, L=39.85%; $p>.002$). These findings confirm the premise that regional (e.g., local) institutions largely serve students from their immediate area who are less financially able to pay for higher education and use loans to access postsecondary education. Conversely, those attending 'brand' name institutions are more likely to more affluent and attend from out-of-state, using loan programs to afford the cost differential.

DISCUSSION AND CONCLUSIONS

Student debt continues to be a problem in American Higher Education. College leaders and state legislators have struggled in most states to identify better ways to share the cost of higher education and relieve the burden of student debt among thousands of students and families. The study indicates that there is little difference in the level of debt between students who attend local serving and nationally recognized institutions. A commitment from state legislatures, higher education coordinating boards, and institutions to create and develop better formats to lessen the likelihood of large amounts of student debt is needed. In order to move in this direction, tuition policies should focus on providing more reasonably priced choices for students that do not limit them to surrounding institutions or sells students on brand alone. Though students could benefit from attending colleges and universities in their area, many students likely would find value in benefit the opportunities that are often advertised and provided at "brand" name institutions. Many "brand" institutions provide more opportunities for student engagement and robust student services, and typically demonstrate higher retention and graduation rates. While these variables are positive, they are used in ranking methodologies as well as political tools to convey the success of the institution to state legislators.

The academic mission for the two different types institutions, while both of which espouse commitment to student success, present and offer this notion in somewhat different formats. For "brand" name institutions, national rank matters, and undoubtedly, helps market to students. Private resources, grant, and research funding are more fluid and recognition of achievements are more nationally recognized, whereas the local institution market is less attentive to selectivity and competition, and instead, focuses on access, as a means to compete for students. Publications outlets such as the U.S. News World Report, Chronicle of Higher Education, Times Higher Education, and Forbes Magazine, rarely recognize local institutions in the same commercial context as "branding" institutions, and students and their families pay attention to these rankings and advertisements. But when considering their choices for college and evaluating the possibilities of loan debt, rankings and name are largely influential, and to an extent, misleading. Depending on the field of study students selected, the cost of attending "brand" institution versus the chosen academic field could be financially detrimental to the student. For example, to what extent is there a difference in the quality of an accounting degree from a local university versus a nationally recognized public institution? Basic principles of accounting are age-old and arguably, little has changed conceptually about the subject matter. However, students will subscribe to applying for $25,000, $40,000, or more in student loans for a degree in a subject that generally has the same range of starting salary, regardless of institution.

Institutional leaders at "brand" schools should work to identify crafty ways to articulate this notion and still remain competitive amongst their peer institutions. Ultimately, they should convey a message that earning a college degree and the amounts of student debt that an individual acquires, essentially, should be relative to the course of study, and realistic to the pocket. The lack of preparation and under education of families about student loan borrowing have placed many students at risk to make uninformed choices about academic financial commitments, and at the same time, students

who do not receive Pell Grants continue to decide to attend “brand” name institutions, regardless of the additional debt that they would incur. Universities, irrespective of classification, can provide more streamlined processes for education about student loans and debt to prospective students in coordination with traditional feeder high schools. Listing options in student financial aid packages, while many universities provide this service, does little to convey the message of making the best college selection for cost rather than name and image.

The financial health of the institution is directly linked to enrollment. Institutions literally cannot afford to sway students into making a decision strictly on price. Increased competition in the higher education market, the economic circumstances that include state funding not returning to prerecession levels, rapid institutional dependence on alternative revenues sources, and political restraints for increasing tuition and fees at many universities, are all factors of consideration when evaluating college presidents, enrollment managers, and other academic leaders. Pressure to provide quality branding and recruit the most talent students, regardless of cost to them, is a complicated and delicate process. If the higher education industry is going to place value in quality education for an equitable price, strategies that support commitment to access rather than name have to be proposed and accepted by higher education decision makers, marketed by the institution, and understood by the consumer.

REFERENCES

Addo, F. R., Houle, J. N., & Simon, D. (2016). Young, Black, and (still) in the red: Parental wealth, race, and student loan debt. *Race and Social Problems, 8*, 64-76.

Avery, C., & Turner, S. (2012). Student loans: Do students borrow too much – or not enough? *Journal of Economic Perspectives, 26*(1), 165-192.

Bertini, M., Gourville, J. T., & Ofek, E. (2008). The branding of next generation products. *Advances in Consumer Research, 35*, 834.

Braunstein, A., McGrath, M., & Pescatrice, D. (2001). Measuring the impact of financial factors on college persistence. *Journal of College Student Retention, 2*(3), 191-203.

Broadbridge, A., & Swanson, V. (2006). Managing two roles: a theoretical study of students’ employment whilst at university. *Community, Work, and Family, 9*, 159-179.

Federal Reserve Bank. (2014, July). A college education saddles young households with debt, but still pays off. *Economic Trends*. Cleveland, OH: Author.

Fonseca, R., Mullen, K., Zamarro, G., & Zissimopoulos, J. (2010). What explains the gender gap in financial literacy? The role of household decision making. Working Paper WR-762, Santa Monica, CA: RAND Corporation.

Furr, S. R., & Elling, T. W. (2000). The influence of work on college student development. *NASPA Journal 37*(2), 454-470.

Addo, F. R., Houle, F. R., & Simon, D. (2016). Young, Black, and (still) in the red: Parental wealth, race, and student loan debt. *Race and Social Problems, 8*, 64-76.

Givecha, D. (2012). In debt and alone? Examining the causal link between student loans and marriage. Working Paper, Department of Economics, University of North Carolina at Greensboro.

Gladieux, L., & Perna, L. (2005). Borrowers who drop out: A neglected aspect of the college student loan trend. Report #05-2. San Jose, CA: National Center for Public Policy and Higher Education.

Husnain, M., & Akhtar, M. W. (2016). Impact of branding on impulse buying behavior: Evidence from FMCG’s sector in Pakistan. *International Journal of Business Administration, 7*(1), 59-68.

Johnstone, D. B. (2011). Financing higher education: Who should pay? In Altbach, Gumport, & Berdahl (Ed.), *American Higher Education in the Twenty-First Century Social, Political, and Economic Challenges* (pp 315-340). Baltimore: The Johns Hopkins University Press.

Kim, J., DesJardins, S. L., McCall, B. P. (2009). Exploring the effects of student expectations about financial aid on postsecondary choice: A focus on income and racial/ethnic differences. *Research in Higher Education, 50*, 741-774.

Malik, G., & Guptha, A. (2014). Impact of celebrity endorsements and brand mascots on consumer buying behavior. *Journal of Global Marketing, 27*, 128-143.

Ratcliffe, C., & McKernan, S. M. (2013, June). *Forever in your debt, who has student loan debt, and who’s worried?* Washington, DC: Urban Institute.

Satchu, A. (2016). Branding and consumer buying behavior. Fastedu, retrieved online March 18, 2016 from http://fasted.ca/branding-cand-consumer-behavior/

Schmit, J. (1991, November). An empirical look at the search stage of the student college choice process. Paper presented at the annual meeting of the Association for the Study of Higher Education, Boston, MA.

Shapiro, H. T. (2005). *A larger sense of purpose.* Princeton, NJ: Princeton University.

Singell, L. D., Jr., & Tang, H. H. (2012). The pursuit of excellence: An analysis of the Honors College application and enrollment decision for a large public university. *Research in Higher Education, 53*, 717-737.

Smith, R. (2006). *Factors influencing female college choice at four-year public institutions in Arkansas*. Unpublished doctoral dissertation, University of Arkansas, Fayetteville.

Stage, F. K., & Hossler, D. (1989). Differences in family influences on college attendance plans for male and female ninth graders. *Research in Higher Education, 50*(3), 301-315.

Watson, S. (2009). Credit card misuse, money attitudes, and compulsive buying behaviors: A comparison of internal and external locus of control (LOC) consumers. *College Student Journal, 43*(2), 268-275.