

Business programme dropout causes and the ceiling of retention

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Abstract

Dropping out of school is traditionally frowned upon by judging the individual and pointing out supply-side waste – resources have been spent without the intended output of a capable graduate. This paper analyses views of dropouts from a local business administration undergraduate programme in Estonia. The survey and interviews focused on ex-students 2-15 years post-leave to chart a spectrum of dropout causes, resulting impacts and personal reflections. The data suggests the majority of students perceive significant value in their cut-short college experience, while a minority expressed various hard feelings. The paper discusses the extent to which student retention can be increased in the focal case (retention ceiling around 75%) and anticipated improvement actions. The data shows that learning without diploma is still perceived as valuable learning, which fits modern business education paradigm. Therefore the paper argues against viewing graduation rate as the main KPIs in business studies at publicly funded school.

Keywords: *undergraduate business education; student attrition; college dropout causes; programme development; value of learning.*

1. Introduction

To drop out from college is a phrase often attached with negative judgement – referring to waste and inefficiency. An extreme but familiar discourse suggest it involves both individual failing, the failing of teachers as well as “process defect” of school. In situations when funding of education is scarce, efficiency is put to pedestal. A common efficiency KPI in HEIs is graduation rate. An array of incentives is often applied in public universities both for students as well as faculty to lower student attrition. While improving efficiency, it reinforces negative connotation towards attrition, even up to suggesting that the value of education is binary – you either have reached the diploma, which proves ones worth, or you have not. As counterpoint, the actual reasons for dropping out are diverse, including socio-cultural, structural, policy, institutional, personal and learning factors (Quinn, 2013). These are a combined result of multi-level influences with only some under the school’s influence. Thus, the ability of the school to impact drop-out rates is somewhat limited (Gupta et al., 2020).

This study challenges the centrality of graduation rate in evaluating the strength of business programmes. The aim is to identify how dropouts from one focal business programme evaluate their programme experience, view their causes of leaving, assess the impacts experienced after and value their personal development in their limited stay long after the dust has settled. Based on this feedback, the study charts school improvement actions and estimates reasonably obtainable graduation rate. First, a literature review is presented on causal factors of student attrition. In methodology, the programme and learning environment is introduced, to make the point that business school influence over student attrition is heavily dependent on local characteristics, and detail mixed methods approach of survey and interviews. A selection of findings is then covered and key patterns identified, which are discussed on the levels of student experience and programme development.

2. Literature review

A founding view to student attrition postulates academic, environmental and social integration to boost student commitment to goals. In this model, key criteria of dropout are falling out of academic and accompanying social circles (Tinto, 1993). A 2013 study commissioned proposed six contributors to attrition and evaluated their role (Quinn, 2013). The mix is complex, but in general institutional and learning factors are more under school control, personal and socio-cultural can be partially influenced, whereas policy and structural factors largely are outside school influence. The study points out that widening intake per se is not increasing attrition risk, given proper attention and student-centered focus. (Ibid.)

Among some key levers of student retention are teaching and learning innovation, refining programme value proposition and customer focus throughout the programme (Thomas et al., 2015). These are common themes in business student feedback, along with interactivity,

flexibility and practical focus (Bennett et al., 2020). On one hand, career-conscious students are more committed to graduating (Fényes et al., 2021). On the other, one challenge of such practical focus tends to be that most students focus on their performance on their first job (Bennett et al., 2020) – understandable, but also short-sighted from programme viewpoint.

Expectation management, personal assistance, involvement in academic activities and developing learning skills all influence academic adjustment, which in turn lowers dropout (Raza et al., 2020). Potentially critical mediator is student motivation, especially considering a non-linear relationship, which has been described as “*student motivation being contagious*” (Krishen, 2013). Wardley et al. have expanded on that and viewed student engagement in the centre of retention and that skill variety, autonomy and customer service are key factors in increasing student commitment (Wardley et al., 2021). Particularly business students need to experience how their work impacts others (company or community) to avoid demotivation and dropout, as by default “*business students do not see the value in their degrees.*” (Ibid.)

Gupta et al. have pointed out that universities might assume dropout reasons through indirect means, as directly asking a student is perceived as delicate and with high rate of refusal to comment. This leads to missing the root causes and often just attempting to provide some support without understanding context or strategy. (Gupta et al., 2020). Their study presents 22 dropout factors and evaluates their controllability and influence potential with one key being motivation (high influence, low controllability). Across all factors, the overall ability to impact dropout is still seen intermediate at best (Ibid.).

This study is contributing to the literature on means to impact attrition based on dropout feedback from students leaving the school at later stages of their studies, on perceived value of the diploma, on the learning experienced before leaving and on the maximum achievable graduation rate via programme experience development in our environment *ceteris paribus*.

3. Methodology

The focal programme of this study is one of the largest of its type in Estonia, with population of 1.3 mln. The 3-year programme hosts approx. 460 students with annual intake approx. 120. A typical entrant is 19 years old, slightly more likely female, with decent math and language skills. Recent data on graduation rate is based on 2017 cohort. As of autumn 2021, 63% of students have graduated (which locally is seen strong, also accounting for pandemic), 25% of students have dropped out and remaining 12% are still active students. Going back in time, the graduation rates have been comparable, if a bit lower. Estonia converted from student-funded to state-funded education in 2013. Pre-reform, the average graduation rate was around 40%. Notable decrease in attrition is not only due to tuition-free model (including complex combination of “carrot and stick” incentives to students) but also from closing distance-learning track –some efficiency has been achieved by trading off flexibility.

This study was launched on spring 2020. All students that had dropped out 2002-2016 were identified, with around 2/3 being “early drop-outs” (collected < 50% of credits) and the remaining 1/3 of late dropouts – the focal population. It is central to make this distinction, because with early attrition, the questions of wasted effort and regrets are relatively marginal, the feedback is less comprehensive and adjusting to a new path is assumedly objectively easier and emotionally less stressful. The study included only students of “marketing” and “management” branches, omitting two others. After further clean-up (double-checking that all students who had later graduated were removed), a database of 150 dropouts remained: 84 management and 66 marketing. At study launch, the age range across population was [25; 54], 56% females and 44% males, with average grade of 2.78 (on a 5p scale where “5” marks the best). This is notably lower than average grade across programme graduates (3.46), so clearly lower grades indicate dropout risk. The average person in population had started the programme 11-12 years prior and had left 8-9 years prior.

The first round was a Google Forms survey sent to 132 working e-mail contacts. The survey was endorsed by school as a form of outreach to motivate respondents to return to the programme. 55 answers were collected (response rate 42%), suggesting the study was met favourably. The most represented cohorts in the sample were of 2007-2011 intake and the sample was representative in terms of gender, specialization choice and cohort spread. The main survey themes were dropout causes, programme value, emotional state, the programme and dropout impact to career, the attitude towards lifetime learning and towards returning to graduate. The survey allowed a motivated respondent to share personal contact for an interview to discuss their further reflections. From willing responses, a further sample was selected (over the diverse spectrum of survey answers) and 13 respondents were interviewed.

4. Results

The survey explored 11 dropout causes, presented as frequency distributions in Table 1. It appears most causes of leaving are not directly related to studying, but reflect a broader shift in priorities (mainly lines a, c and e). Lines a and d indicate a majority perception that school had already filled the role in career launch, so a diploma was no longer strictly relevant. This is also linked to statement b, which points to difficulties in finding pragmatic workplace and career value in a typical thesis research project, though it suggests also a supply problem and the faculty is taking the criticism present (lines b, g and h foremost) as valuable feedback. A few responses indeed were vocal in the comments, revealing that the programme had not met their workplace practice related expectations. Others were milder, pointing out difficult courses or certain inappropriate teachers, but not the package as a whole. The notably low number of responses on lines i and j seem encouraging – line i suggests that students mostly value the programme, while line j proposes there is no major capability-related obstacle, so a return of a portion is not ruled out, should conditions and motivation take a favourable turn.

Table 1. Stated causes of late-stage dropout, n = 55.

Listed cause	Respondents	Relative share
a) Work required too much of my time	31	56%
b) Difficulties with launching thesis research project	25	45%
c) Changes in family arrangements	20	36%
d) My workplace did not require / expect a diploma	16	29%
e) Personal financial challenges	9	16%
f) Loss of interest toward studying	9	16%
g) Lack of flexibility of study arrangements	8	15%
h) Teaching staff lacked competence	8	15%
i) The programme seemed no longer personally relevant	5	9%
j) Studying appeared overly difficult	2	4%
k) Launched career as entrepreneur	1	2%

Source: authors' survey.

The modest share of responses on lines g, h and j suggest that only a few students have left with “hard feelings”. When asked to evaluate programme learning experience on a 5-point scale, the common answer was “4” (45%), followed by “3” (42%). Furthermore, next question was even broader – to evaluate total university contribution to personal development. 75% responded as “rather valuable” or “very valuable”. So only the remaining 25% can be labelled as somewhat critical, partially frustrated or even truly disappointed.

The survey also queried on individual financial situation back in the day. Unsurprisingly, the spectrum is diverse with 42% responding “good” / “very good”, while 34% marking it as poor. This indicates that for some, the decision to leave might have been “life forcing their hand”. Another clear division was evident on perceived stress level pre-leave. 49% of respondents indicated notable stress, with 40% expressing only minor stress. The high stress level appeared to be more linked to work and financial challenges than to learning obstacles. However, these categories are not mutually exclusive.

High diversity of responses was also evident in terms of current job. 30% were working as mid- or top managers, so diploma has not been a strict requirement in these companies (it was checked that respondents hadn't graduated somewhere else). 22% found that their work is only distantly related to what they studied. It is not easy to speculate, if situation would have been different for them with a diploma. It seems to be close to inevitable characteristic

of business studies that some graduates end up with careers not close to their major. While this seems a bit wasteful, it is also a strong point to focus even more on transferable skills.

To the question whether leaving school had any perceived career impact, 45% answered “no perceived effect”, while a further 20% noted “mild positive” or even “strong positive” effect. Possibly for some of these people school had nothing substantial left to provide them that they would have valued. This can be seen as criticism towards typical thesis projects (due to perceived lack relatedness to solving real company problems) but also of some courses and possibly of a lack of transferable skill development. Curiously, the answers were rather dependent on student major. The management students leaned more towards negative career impact, whereas marketing students saw mostly positive net impact from leaving. This is a combination of factors. It is relatively easy locally to get a starter marketing job, it is often assumed most upfront skills are learned through practice and some of the conceptual matters taught by faculty might not appear overly relevant to the employee nor their employer. Further explanation might lie in a more generalist orientation of management studies and in better linkage to lifelong learning capability (60% assessed this as strong)

Tracing answers, it appears likely that some students reporting positive impact from leaving might have still felt giving up remaining courses and a diploma as a noteworthy loss, only that it was more than offset by positive impacts on career development, less stress and time challenges, not to mention higher earnings. In contrast, 35% pointed out mild or even strong negative effect. In this segment, the leading cause was mostly something external that made school continuation difficult while also jeopardizing career opportunities – both having children as well as hitting financial obstacles are common explanations here.

On evaluating relevance to return to school, 75% responded positive. The only dominant inhibiting factor noted was lack of time (51%). Only 9% were blunt: “*Current teaching level does not meet my expectations*”. The respondents expressed three main expectations to boost their motivation – individual consultation, easier access to supervision and more emphasis on distance- and e-learning. These themes fit faculty development activities. To improve return rates, the low-hanging fruit seems to be consultation to formulate thesis plans with personal relevance. Additionally, the pandemic era has shown there ought not to be clear line between classroom and distance learning and often the optimal solution lies in middle ground.

One ought to keep in mind that this study might have had a notable sample bias – it is possible that more distant and disappointed dropouts just didn’t bother to respond. So the true landscape of attrition might be somewhat more conflicting than it looks on paper. This feedback is based on learning experiences from 8-10 years ago, so many developments the school has made in the last decade are not reflected here – perhaps the situation isn’t so problematic. Furthermore, the return of long-gone students to the focal programme has become a touch more frequent recently.

5. Discussion and conclusion

The main value of this study is in demonstrating the practical ceiling of student retention in a business programme in a context of local environment. The study indicated three main causes of attrition: career-related (the most frequent), personal and school-related reasons. By far the dominant obstacle in the latter category was difficulties with thesis research. While the reasons are clearly combined for many, mixing positive with negative, it seems the majority of emotional backdrop is positive – not only because of new enthusiastic challenges (such as new job or kids, which clearly present new trade-offs), but because the perceived loss of giving up school seems secondary. Students have not overly focused on the diploma, but more on competences, echoing Wardley (Wardley et al., 2021).

Criticism to programme value was not widespread statistically but rather loud when present. One can argue that even given perfect programme for an individual, the choice between new opportunities versus diploma would still remain as would the majority of attrition. There is a broad array of possible careers around in the case of local labor market that are not strictly requiring a diploma so the personal career acceleration trajectory is not much inhibited at least in short-term. In the long term, the school door is still open for return should the relevance reappear, so not much is truly lost.

From programme management view, with assuming maximum development effort, one could avoid 1/3 of late-stage dropouts or approx. 10-15% of total attrition. Managing early-stage dropouts was not in scope here, but from limited evidence the main transfer here is not program-career or program-family, but program-program. It could be influenced many ways but the total impact to attrition assumedly would not be higher than 1/3. This draws the conclusion that in focal programme context, with current graduation rate 60-65%, the practical ceiling to achieve without environment shifts would not be over 75%.

The conclusion for students is that at the time and age when the paradigm of business education revolves around entrepreneurial attitudes, seeks interdisciplinary connections and life-long learning, relies on intrinsic motivation and constant personal re-evaluation of desired development, then indeed achieving the diploma is slightly secondary. While diploma is hugely co-important in the schools of highest renown in the world (with actually minimal attrition), the context of the programme of this study is much different. As long as an adequate package of attitudes and meta-skills are obtained, our alumni as well as late-stage dropouts can follow their own compass and the main mission of school would still be accomplished. This would not even undermine the relevance of a traditional thesis project, for it can similarly be adjusted to imbue career development goals and personal relevance.

So it appears that separate diploma value lies only in a smaller subset of jobs as well as in continuation studies, especially when these are pursued internationally outside of the country's boundaries. No decline in these is predicted, but also substantial growth is difficult

to foresee. The local labour market is not requiring a diploma as widespread entry standard and later on, workplace-learning usually contributes enough to allow career advancement on its own. Alongside, functional sub-fields of business have their own standards, relevant and valuable. If a student opts for a more specialist profile, a broad range of third-party certificates become relevant. But modern business and entrepreneurship approach in general should not be fully standardized in terms of one-size-fits-all evaluation purpose.

In summary, a majority of undergraduate business programme value can be achieved before graduation. To drive graduation rate higher just because of KPI appears of secondary importance as this can dilute focus from what is actually essential. While graduation rate is still an informative metric, it is not always about wasted effort as sometimes there is none.

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