

## TOWARD A NEW ENTERPRISE LOGIC IN PUBLIC EDUCATION

Brian J. Caldwell<sup>1</sup>

At the Making Schools Better conference in August 2004, I warned of the danger that government schools will become safety net schools of last resort within a decade in some parts of Australia (Caldwell, 2004a). I suggested that a major priority for governments in some states might be to save their systems of government schools. The good news was that the seriousness of the situation had been recognised. The bad news was that measures to date were nowhere near bold enough.

I suggested that a major problem lay in the apparently entrenched views about the distinctions between public and private, absence of social capital in support of public education, and disrespect for the working conditions of the profession. I argued that a system of public education is strong if it has high levels of social capital, that is, all with a stake in public education hold the same views and values about its purposes and programs and are prepared to work together to make it the best system it can possibly be. An indicator of weak social capital was contained in the findings of the AC Nielson / Fairfax / ACER survey of June 2004 that revealed that significant numbers of parents do not see their values reflected in government schools. Support for public education from foundations and trusts is weak. For the most part, the private sector is locked out of capital works programs while teachers in many schools are forced to work in buildings that are, as I described it at the time: 'state-of-disgrace' rather than 'state-of- the-art'.

My purpose at this Sustaining Prosperity conference is to reflect briefly on what has occurred in the intervening months, paying particular attention to initiatives of the Australian and State Governments; report briefly on some international developments, notably in England; and to suggest that a 'new enterprise logic' is taking shape in public education and this holds promise for moving Australia toward 'the tipping point' in achieving the transformation of its schools.

### **The heart of the matter**

Three issues lie at the heart of the matter. The first is that, despite high overall levels of achievement of the nation's students in tests of international achievement, such as the Program for International Student Assessment (PISA) and Trends in International Mathematics and Science Study (TIMSS), disparities in achievement in certain categories are among the largest in participating nations: boys compared to girls, rural compared to urban, indigenous compared to non-indigenous, and low socio-economic compared to high socio-economic, with the achievement of the first being less than the second in each comparison. Moreover, there is evidence, especially in TIMSS, that we are slipping down the ranks of nations. The second issue is the extent to which our schools are offering a curriculum or adopting a pedagogy that meet national economic and societal requirements as well as addressing individual learning needs. Discussion and debate in this respect are focusing on the basics, at one end of the schooling continuum, especially literacy and numeracy, and delivering the necessary repertoire of skills, at the other end. A third issue is quality of teaching and associated issues such as programs for attracting and keeping able people in the profession, as well as preparation and ongoing lifelong learning that ensures that all teachers and those who support them are at the forefront of knowledge and skill to secure high levels of achievement for all students in all settings.

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<sup>1</sup> Brian J. Caldwell is Managing Director of Educational Transformations Pty Ltd and Professorial Fellow in the Department of Education Policy and Management at the University of Melbourne where he served as Dean of Education from 1998 to 2004. This paper was presented in a seminar on education policy at the 2005 Economic and Social Outlook Conference on the theme 'Sustaining Prosperity: New Reform Opportunities for Australia', organised by the Melbourne Institute of Applied Economic and Social Research in association with The Australian; The University of Melbourne, 30 March – 1 April 2005.

## **Review of progress**

A review of developments at the state level reveals a number of approaches that hold their own in any international comparison. I draw this conclusion from a recently completed study of best practice in governance and service delivery among 14 of the 21 economies in the APEC consortium (Asia Pacific Economic Cooperation), a project conducted by the Department of Education, Science and Training (DEST) for the APEC Human Resource Development Working Group (DEST, 2004). I served as a consultant to the project. While the report is not yet in the public domain, it is worth noting that most of the state departments as well as DEST provided descriptions of noteworthy initiatives for the Australian case study and several of these addressed the issues raised above. They included measuring and reporting on student outcomes, determination of funding arrangements to meet the national goals of schooling, developments in technical and further education, curriculum frameworks, learning to learn, early childhood education, indigenous education, innovation, and community capacity building.

Since the Making Schools Better conference, a federal election has come and gone, and the Australian Government has moved to implement a range of initiatives, including enquiries on literacy and teacher education, a voucher scheme for students doing poorly in literacy, the establishment of Australian Technical Colleges, and the introduction of a program to enhance the facilities of schools, with the last of these to be delivered in a 'direct-to-school' rather than 'through-the-state' arrangement. The previously announced initiative to establish the National Institute for Quality Teaching and School Leadership (NIQTSL) is under way.

In my view, each of these initiatives is worthwhile and likely to make a contribution to the transformation of schools, which I define as significant, systematic and sustained change that results in high levels of achievement for all students in all settings. However, this contribution is sharply constrained for two reasons. One is the highly fragmented nature of the reform program. Among the 21 economies in the APEC consortium, Australia is one of just three where constitutional powers for education lie with the states or provinces, the others being Canada and the United States. Observers from other nations are astonished to learn that each of our states and territories has separately developed its own curriculum and standards framework and explored new pedagogies and pathways for learning and progression through schooling. Comparisons with the railways in an earlier era of separate rail gauges come to mind.

The second constraint on achieving transformation is that the reforms are nowhere near bold enough and are seriously under-resourced. In this respect I would like to update the comparison I made last August with developments in England. I observed then that Australia and England were comparable in 1997 when New Labour came to power, especially in regard to the development of curriculum and standards frameworks, the introduction of greater autonomy or self-management for public schools (the comparison here was mainly with Victoria), reliance on a system of comprehensive high schools in a 'one size fits all' approach to the delivery of secondary education, the generally run-down stock of school buildings, almost exclusive reliance on the public purse in the funding of schools, and relatively low levels of social capital. I suggested that England had moved ahead on all counts in the intervening years.

## **England as the benchmark in boldness**

There have been further developments in areas where I suggested that England had moved ahead of Australia. In England, the theme of 'personalised learning' announced in July 2004 in a five-year strategy for schools (DfES, 2004) is being implemented in impressive fashion. The teacher workforce is being remodelled. The government is proceeding with plans to build 200 state-of-the-art academies at the secondary level in settings where facilities were run down or achievement levels were low. This

follows success in about 20 'city academies' in urban settings. Public private partnerships have been utilised in the building and refurbishment of schools. Management services in nine of 150 local education authorities have been outsourced. Specialist schools at the secondary level have proved to be a real success story, replacing the standard comprehensive school that had been the model for decades. Specialist schools may select one of ten specialisms and then develop top-class programs for their chosen specialism while continuing to address the national curriculum. Value-added data reveal that specialist schools outperform non-specialist schools, with significantly higher performance across all specialisms. The most dramatic improvement has been in schools in lower socio-economic settings or other challenging circumstances. This development has now moved beyond 'the tipping point', with the Prime Minister celebrating on 30 March 2005 the 2000<sup>th</sup> school out of 3200 secondary schools to become specialist, a target reached a year ahead of schedule. The government has increased its financial commitment to schools over its two terms and has succeeded at the same time in leveraging greatly increased support from the private sector and from foundations and trusts, with most of this in the form of additional support for schools in lower socio-economic settings. Notable in this respect has been the linking of support across different areas of service in the public and non-public domains, notably the networking of support in education and health. Social entrepreneurship in support of schools is flourishing. Many of these reforms have proved contentious, and there is currently much debate, since it is election season in England. There is general agreement that more needs to be done, but in different ways, with some arguing that there have been too many changes for schools to cope with. I will return to a particularly powerful critique in another section. Nevertheless, despite real and perceived shortcomings, England has moved up the rankings in international tests of student achievement.

It is comparisons such as these that leads me to the view that our efforts here have been nowhere near bold enough. But there is one further comparison that puts our efforts to shame, and I refer to the rebuilding of schools. The case for change has been put by two eminent authorities in education. Writing in 1994, David Hargreaves, formerly Professor of Education at Cambridge and now chair of the British Educational Communications and Technology Agency (BECTA), declared that 'schools are still modelled on a curious mix of the factory, the asylum and the prison' and that 'many of the hitherto taken-for-granted assumptions about schools must now be questioned' (Hargreaves, 1994, p. 43, p.3). While we have come a long way in a decade, these images still come to mind in many settings. In 2003 Professor Hedley Beare, who has headed up two school systems in Australia and was selected in 2004 by *The Bulletin* as the nation's most outstanding innovative educator, predicted that 'from what we know already about the twenty-first century, it is clear that the traditional school has no chance of surviving in it, at least not in the developed economies' (Beare, 2003, p. 635).

Hargreaves and Beare were writing of the broad approach to the design of the school, but the construction of schools was included in their assessments. Expressed bluntly, in Australia and England, teachers are endeavouring to offer a 21<sup>st</sup> century education with a new curriculum and different pedagogies in buildings constructed decades ago and that, in many instances, are long past their use-by date. It is no wonder that it is difficult to attract and retain the most able people to serve as teachers when the buildings in which they may be required to work are among the most depressing of public buildings in their communities, and when their peers in other professions work in purpose-designed climate-controlled settings.

While state governments in Australia can point to modest increases in spending on refurbishment of buildings and new schools in growth corridors, nothing compares to what is under way in England. The aim of the Building Schools for the Future (BSF) initiative in England is to rebuild or renew every secondary school over a 10-15 year period. A 50:35:15 formula has been adopted: 'new building' for 50 percent of floor area, 'major refurbishment / remodelling' for 35 percent, and 'minor refurbishment' for 15 percent. Public private partnerships (PPP) constitute the major strategy for achieving this outcome in a relatively short time. Construction shall be state-of-the-art and shall take

account of curriculum and pedagogy that will lie at the heart of school education for the decades ahead, with due consideration of developments or requirements in underperforming schools, extended or full service schools, specialist schools, academies, ICT and workforce reform. Details of the BSF can be found at [www.bsf.gov.uk](http://www.bsf.gov.uk) and [www.p4s.org.uk](http://www.p4s.org.uk).

These plans are for secondary schools. The budget announced by the Chancellor of the Exchequer on 16 March 2005 also included provision for a £9.2 billion rebuilding program for up to 9,200 primary schools to enable them to provide the new services expected of 'extended schools', to be open from 8 am to 6 pm. Secretary of State for Education and Skills Ruth Kelly described these plans as 'the most significant building and refurbishment program since the Victorian era' (cited in Smithers, 2005).

The Australian Government's plans to directly fund schools in a capital works program is a start. In general, however, the challenge is for state governments to re-build the infrastructure of their school systems. This challenge comes at a time when Treasurer Costello is calling for a reduction in state taxes and for them to make greater use of the revenue from the GST to address infrastructure needs. The New South Wales government has responded with plans for major refurbishment of schools, hospitals and transport. It is noteworthy that New South Wales has taken the lead in public private partnerships in the building of schools. ABN AMRO provided more than \$130 million for nine already-completed schools, with ownership to revert to government after 30 years. Educational services are provided in the traditional manner but a private company (Spotless Services Australia) manages security, maintenance, capital expenditure, janitorial services and utilities. Schools were completed two years earlier than if completed under a wholly government operation. Maintenance standards are high; for example, failure to clean graffiti from high school walls within two hours of reporting results in a financial penalty to the private operator.

I return now to a critique of the reforms in England. It has particular relevance to this conference on Sustaining Prosperity. It concerns public private partnerships, outsourcing of management services, and business capacity in departments of education.

On 5 January 2005 the Confederation of British Industry (CBI) released a report entitled *The Business of Education Improvement* (CBI, 2005). CBI is the UK's leading employers' organisation, representing over 250,000 public and private sector employers. Digby Jones, Director-General of CBI, described the interest of his organisation in education by noting a 2004 survey that revealed that one in three companies offered remedial training 'to compensate for failures in the education system' (cited in CBI, 2005, p. 3).

*The Business of Education Improvement* reported independent research that found that the nine local education authorities (LEAs) out of a total of 150 that had outsourced their management services to the private sector had improved their performance on key educational indicators at a greater rate than the national average across all LEAs, and in comparison to LEAs with previously comparable performance that had not gone down this route. Islington was the first of the privatised LEAs and it was the most improved among all authorities across England. The report attributes these outcomes to 'a combination of political will, decisive leadership, improved governance, effective contracting and performance management' (CBI, 2005, p. 5). It is important to note that the private companies involved, such as Cambridge Education Associates (CEA) in the case of Islington, bring together a range of experienced leaders and managers from the education and business sectors. One leader in Islington described success in the following terms:

There is no doubt that the partnership between Islington Council and CEA@Islington over the last five years has transformed education in Islington. The combination of strategic political and community leadership and high quality school support services has created a shared vision and supported schools in raising attainment for pupils. The partnership has worked by

putting the needs of pupils and schools at the heart of what we do and ensured that the contractual framework has been an enabling factor. (James Kempton, Executive Member for Children, Islington Council cited in Quinn, 2005).

Despite these successes, the CBI report raises serious concerns about the capacity of government to successfully implement further reforms, including the Building Schools for the Future (BSF) initiative described earlier. It contends that 'commercial capacity within the DfES [Department for Education and Skills] needs to be strengthened through the creation of a dedicated commercial team with the skills, competencies and authority to understand and make interventions in the management of the public sector education market' (CBI, 2005, p. 6). It is noteworthy that the BSF team at the DfES has been expanded in recent weeks to include such a capacity.

Educational attainment and educational disparity in parts of Australia approximate those in England, yet there has been nowhere near the boldness and apparent effectiveness of reforms such as those of New Labour in England. Criticism of government efforts in this country are frequently countered by evidence of improvements in teacher-student ratios, already among the most favourable in the world, rather than any serious and sustained engagement with core concerns about student performance.

### **A new enterprise logic in public education**

Writing in 2004 about personalising learning for the London-based think tank Demos, Charles Leadbeater invited readers to consider 'services' as 'scripts'. He suggested that 'all public services are delivered according to a script, which directs the parts played by the actors involved' and contends that 'many of the scripts followed by public services – such as schooling – have not changed for decades'. For schools, the script includes:

Choose what to study from a pre-defined and delineated set of options; sit with 20-30 other learners; learn from your teacher, who has to deliver set amounts of content often in a particular style; sit some exams; have your learning assessed by an examiner; get your results; move on to the next stage; do it all again . . . So, if education is a script, how can it be re-written so that the service is more responsive to the user (Leadbeater, 2004, p. 7)?

We could add statements such as 'deliver the program in schools and administer the system through departments that were designed in a previous era'.

The good news is that a new story line and new scripts are emerging, and these place students at the centre of the enterprise. In England this is currently focused on the notion of 'personalising learning', the case for which was set out in the *Five-Year Strategy for Children and Learners* (DfES, 2004). It described what a system based on personalisation will be like:

The central characteristic of such a new system will be personalisation – so that the system fits the individual rather than the individual having to fit the system. . . It is about having a system which will genuinely give high standards for all – the best possible quality of children's services, which recognise individual needs and circumstances; the most effective teaching at school which builds a detailed picture of what each child already knows and how they learn, to help them go further; and, as young people begin to train for work, a system that recognises individual aptitudes and provides as many tailored paths to employment as there are people and jobs. (Former Secretary of State for Education and Skills Charles Clark in DfES, 2004, p. 4).

There are counterparts in the intentions of most if not all school systems in Australia. The image of the school that will deliver such a service is a far cry from the one that was held for a century or more

(‘a curious mix of the factory, the asylum and the prison’). There is, however, a need for a ‘new enterprise logic’ to achieve these outcomes.

I have taken the concept of ‘new enterprise logic’ from the book by Shoshanna Zuboff and Jim Maxmin entitled *The Support Economy*. They argue that all enterprises – public and private – must place the customer or the consumer or, in the case of schools, the student or the parent, at the heart of the enterprise. They suggest this is an international phenomenon:

These new voices rise from the United States to the United Kingdom, from Canada to New Zealand, and across Western Europe. They have gathered force in the offices and classrooms of Santiago, Istanbul, and Prague. They form a new society of individuals who share a claim to psychological self-determination – an abiding sense that they are entitled to make themselves (Zuboff and Maxmin, 2004, p. 93).

The new enterprise logic of schools can be discerned in what has been accomplished by leaders and their colleagues in schools around England, but also in some parts of Australia and elsewhere. These are – and must be – self-managing schools, that is, schools to which there has been decentralised significant authority and responsibility while continuing to operate within a centrally determined framework of goals, policies, standards and accountabilities. The Australian Government, quite properly in my view, expects a higher level of autonomy or self-management in government schools around the nation.

I was co-author of three books that helped shape developments in school autonomy in several countries, namely *The Self-Managing School* (Caldwell and Spinks, 1988); *Leading the Self-Managing School* (Caldwell and Spinks, 1992); and *Beyond the Self-Managing School* (Caldwell and Spinks, 1998). A fourth publication *Re-imagining the Self-Managing School* (Caldwell, 2004b) builds on the agenda for transformation that has been set in many nations, and describes what has been accomplished to date. Such practice was evident in a series of workshops I conducted in February and March 2005, first in Australia and on five occasions around England. What follows are five of the ten ‘essentials’ in the ‘new enterprise logic of schools’, as evident in recent developments and demonstrated by leading practitioners.

1. The student is the most important unit of organisation – not the classroom, not the school, and not the school system – and there are consequent changes in approaches to learning and teaching and the support of learning and teaching.
2. Schools cannot achieve expectations for transformation by acting alone or operating in a line of support from the centre of a school system to the level of the school, classroom or student. Horizontal approaches are more important than vertical approaches although the latter will continue to have an important role to play. The success of a school depends on its capacity to join networks or federations to share knowledge, address problems and pool resources.
3. Leadership is distributed across schools in networks and federations as well as within schools, across programs of learning and teaching and the support of learning and teaching.
4. Networks and federations involve a range of individuals, agencies, institutions and organisations across public and private sectors in educational and non-educational settings. Leaders and managers in these sectors and settings share a responsibility to identify and then effectively and efficiently deploy the kinds of support that are needed in schools. Synergies do not just happen of their own accord. Personnel and other resources are allocated to energise and sustain them.
5. New approaches to resource allocation are required under these conditions. A simple formula allocation to schools based on the size and nature of the school, with sub-allocations based on equity considerations, is not sufficient. New allocations take account of developments in the personalising of learning and the networking of expertise and support.

There are counterparts in a 'new enterprise logic for systems of public education'. For example, reflecting developments in England and the critique offered by the Confederation of British Industry (CBI), an element may be that 'A department of education cannot operate alone in its efforts to direct and support the work of schools. A range of public private partnerships is required and a commercial capacity must be embedded in its operations to determine appropriate interventions to secure improvement in services'.

Examples of the different elements will be included in a new publication entitled *The New Enterprise Logic of Schools* that is due for release in June (Caldwell, 2005). To enrich these accounts, more workshops will be conducted in April and May in Australia, New Zealand and Chile.

### **Toward the tipping point**

Have we reached 'the tipping point' in creating the new enterprise logic and achieving the transformation of schools? In England, the tipping point has surely been reached in the shift from general comprehensive to specialist schools in the secondary sector. It is likely too that the tipping point has been attained in Australia, England and many other places in the embrace of new information and communication technologies, even though these are constantly changing. But there is still some distance to travel in reaching the tipping point in the transformation of schools through the embrace of the new enterprise logic.

There are enough examples of success to be cautiously optimistic. To go further and create an 'education epidemic', to use the imagery of David Hargreaves (2003), there must at least be a conviction that it is possible to achieve the outcome. This is consistent with the view of Malcolm Gladwell, who coined the concept of 'the tipping point' in his best-selling book of that name: 'What must underlie successful epidemics, in the end, is a bedrock belief that change is possible, that people can radically transform their behaviour or beliefs in the face of the right kind of impetus' (Gladwell, 2004, p. 258).

This 'bedrock belief' must exist at all levels, including governments and schools, among policymakers and professionals at the front line. For governments to hold such a belief, they must be assured that schools have the capacity to deliver. For practitioners to believe, they must be confident in their capacities and be assured the cause is a good one – that the policy settings are the right ones.

The challenge for Australia is to achieve alignment on these matters among all levels of government, those in schools and their communities, and other enterprises in the public and private sectors. This has never been achieved in public education, but that is no cause for anyone to be faint-hearted. The lives of learners and the wellbeing of the nation are at stake.

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