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# Educational Governance and the New Public Management

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## Abstract

*Despite the long-held view that schools are loosely coupled organizations, recent outcomes-based accountability and school choice reforms, exemplified by the No Child Left Behind Act, represent an attempt by federal and state policymakers to employ techniques of the “New Public Management” and to impose more tightly coupled policy strictures on the educational system. The authors explore the origins of this movement and locate it within the context of an emergent neo-corporatist ideology that has fundamentally altered the traditional distinction between the public and private spheres. The authors conclude with a discussion of the impact of the NPM on educational governance and policy.*

## Introduction

It has long been recognized that schools—public or private—are not like other organizations. Schools are more loosely coupled than most other organizations and reflect a mass of conflicting, often indeterminate, goals and objectives (Weick, 1976, 1982). Schools are organizations with ambiguous goals, unclear technologies, uncoordinated activities, and loosely connected structural elements tenuously linked to organizational outcomes (Weick, 1976). Thus, loose connections exist between policy, administrative actions, and teachers. Decision-making often approximates a “garbage can” model in which problems, possible solutions, and choice opportunities interact to produce somewhat fortuitous decisions (Cohen, March, and Olsen, 1972; March and Olsen, 1976).

Not only is there a complete lack of agreement on what works best, in the “one best system,” but also participation in the system is highly fluid, rules are often violated, and policy implementation is, at best, uneven (Meyer and Rowan, 1977). A great deal of evidence suggests that schools “lack close internal coordination, especially of the content and methods of what is presumably their main activity—instruction” (Meyer and Rowan, 1983, p. 71). The work of teachers and administrators is rarely evaluated in anything more than a perfunctory manner, with few consequences for failure (Weick, 1976). For example, student achievement is seldom used as a criterion with which to evaluate teachers and administrators (Meyer and Rowan, 1983).

In response, federal and state policymakers have initiated a series of educational reforms designed to take “lessons learned” from successful private enterprises and apply these principles to the management and operation of schools. Adopting neo-corporatist

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policies and practices utilized in the “New Public Management” (NPM), policymakers are attempting to more tightly couple what has heretofore largely been a loosely coupled system (*Peters, 2001; Terry, 2003*). Examples of these reforms include outcomes-based accountability, school choice, and merit pay schemes. Further, federal and state policymakers seem intent on blurring or eliminating many of the distinctive elements separating the public and private spheres in education.

In part, the national movement to more tightly couple the educational system, exemplified in the No Child Left Behind Act (NCLB), reflects growing dissatisfaction with the condition of education, particularly in urban areas. As Cibulka (1997) observed, “Public opinion in many cities favors a major overhaul if not outright dismantling of the present educational governance structure” (p. 317). Similar to the private sector, educational reformers are seeking to reshape their organizations, with greater attention and orientation toward ever higher, more rigorous performance and accountability standards (*Kanter, 1989*).

The purpose of this article is to trace the origins and evolution of neo-corporatist, New Public Management reforms in education, locating these reforms within the changing political economy of educational policymaking and governance. After examining policymakers’ critiques of the “public” nature of education and delineating their efforts to incorporate neo-corporatist principles into educational governance and reform, the authors conclude with an assessment of the impact of this trend on both the nature of public education and the implications for school management and governance.

### **Education Reform and the New Public Management**

Education is big business, and educators themselves constitute approximately one-third of the nearly twenty million employees in the public sector. Given increasingly tight fiscal constraints, policymakers have sought to trim the fat from public services and have turned to the New Public Management to do so (*Peters, 2001; Terry, 2003*). Proponents of the NPM argue that “government ought to run like an efficient and effective business enterprise” (*Terry, 2003, p. xix*). Such thinking represents an attack on the bureaucratic public administration paradigm—an assault begun under President Reagan and continuing through the present (even “new Democrats” such as Clinton and Gore, under the aegis of the National Performance Review, advocated the NPM).

Advocates of the New Public Management assert that private sector techniques and practices are directly transferable to the public sector (*Peters, 2001*). Educational organizations are constantly encouraged to benchmark the private sector to find ways to “be like a business” and get “hard-nosed” and “practical” (*Kaufman, 1998, p. 13*). Merit pay and performance bonuses, practices that school districts across the nation are increasingly adopting, reflect the NPM in education. Other NPM strategies include privatization, user charges, vouchers, decentralization, and contracting out (*Terry, 2003*).

Savoie (2000) argues that “politicians who have set out over the past twenty years or so to fix government started from the premise that bureaucracy was the problem” (p. 8). The common theme of recent public sector reforms “is that the private sector is, by definition, superior to the public sector. Thus, the view has grown (widely held among the political elite) that the best way to fix government bureaucracy was to adopt private sector

practices,” making government more client or performance-oriented (*Savioe, 2000, p. 8*). Critics of the public schools equate public bureaucracy with socialism (*Lubienski, 2001*).

Terry (1998) agrees, observing that "liberation and market-driven management have emerged as dominant approaches in the field of public management" (p. 194). Critics of public bureaucracies assert that the system is "overburdened by a plethora of cumbersome and unnecessary rules, regulations, and other constraints" (Terry, 1998, p. 195). Freeing schools from red tape and bureaucracy, primarily through relief from collective bargaining constraints, introduces market-based practices into schools (*Fusarelli, 2003*). The assumption of those seeking to reform public schools is that the lessons from private sector management are directly transferable to the public sector.

According to Fitz and Beers (2002), the movement of for-profit and non-profit education management organizations into public education in the United States, England, and Wales expands the role of the private sector in the public sphere. As a result, several scholars argue that we are witnessing a redefinition of public education "from one of a public good to that of a private good" (*Lubienski, 2001, p. 636*).

As a result, "influential policy elites are in a position to frame the problem in education as one of a government monopoly, and to locate the solution in the redefinition of public education" (*Lubienski 2001, p. 640*). This redefinition includes charter schools, for-profit corporations running charter schools, and market-based accountability reframed as public accountability. The incorporation of outcomes-based accountability provisions into systemic reform initiatives such as NCLB is another example of the New Public Management applied to education.

### **The Neo-Corporatist Movement in Education Reform**

The impetus for tighter coupling of policies and processes using the techniques of the NPM in educational organizations is greatly affected by several forces, including (1) external, environmental pressures for tighter coupling, (2) the emergence of powerful new institutional actors, and (3) an emerging institutional capacity, coupled with isomorphic processes which encourage tighter institutional coupling (*Fusarelli, 2002*).

As a result, education policymaking has changed dramatically in the past two decades, with big business and large corporations becoming major players in the education reform movement, often at the expense of the traditional "Education Establishment." A confluence of forces, including increased international competition, a series of scathing reports critical of American education, and perceived dissatisfaction with public education, have encouraged big business to become major players in the education reform movement (*Mazzoni, 1995*). Throughout the 1980s and 1990s, and continuing through the present, businesses and corporations have consistently pressed for system-wide, school-based accountability reforms, linking reform to international economic competition (*Jackson and Cibulka, 1992*).

Federal and state policymakers have become increasingly involved in education through a series of mandates and the implementation of top-down command and control structures. The movement towards performance reporting is "reshaping educational politics

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and creating new intra-organizational dynamics between federal, state, and local policymakers—producing greater impetus for organizational change” (*Fusarelli, 2002, p. 561*). The institutional environment of education is changing, with greater emphasis on monitoring organizational performance in an effort to craft more coherent education policy. School systems throughout the United States are experiencing much stronger demands for technical performance and are under increasing pressure to improve student achievement (*Rowan and Miskel, 1999*).

Neo-corporatist educational reforms, such as higher standards, testing, and accountability, seek to improve student achievement through tightened centralized control and more effective command structures. Policymakers are “working to create coherent policy systems by aligning key policies to support demanding learning goals” (*Spillane and Jennings, 1997, p. 450*).

For example, for the first time in history, the federal government now requires districts to identify low-performing schools and develop comprehensive school improvement plans (*Herrington and Orland, 1992*). Under the NCLB Act, local school districts must test all children in grade 3-8 in reading and mathematics (with science added in 2005) and must provide children in consistently low performing schools with the option of transferring to another public school. In effect, the federal government will mandate that states provide parents with detailed school report cards revealing student performance by ethnic subgroup, teacher qualifications, and a host of other quality indices. The assumption is that parents whose children attend low performing, low quality schools will remove their children from those schools, forcing the failing schools to improve or “go out of business.” The ideology of the market metaphor and the application of market-based principles to the operation of public education are core tenets of the New Public Management, exemplified in legislation such as NCLB.

At the state level, policymakers are incorporating principles of the NPM into state-level systemic reform initiatives. A good example of efforts to tighten up the rather loosely coupled educational system found in the United States is Kentucky’s comprehensive statewide school reform, which places heavy emphasis on student and school accountability (*Pankratz and Petrosko, 2000*). Highlighting the influence of the NPM on education reform, policymakers in Kentucky have developed a highly centralized accountability system “of interlocking policies, tying the PR [performance reporting] system into rewards for teachers and schools and sanctions for poorly performing schools” (*Cibulka and Derlin, 1995, p. 488; Minorini and Sugarman, 1999*).

Systemic reform initiatives rooted in the NPM have been undertaken in several states, including Vermont, Kentucky, North Carolina, South Carolina, and Texas (*Fuhrman, 1993*). Every state has developed policies to raise academic curricular standards and increase student performance (*Fuhrman, 1989*). There has been an effort “to move away from the fragmented control system currently governing American education and to move toward closer coordination of policies about instructional goals, means, and funding” (*Rowan & Miskel, 1999, p. 371*).

A number of studies in Colorado, Connecticut, Florida, Kentucky, Maryland, and Texas document the effectiveness of NPM-based systemic reform initiatives in increasing

student achievement (*See the National Governors Association, 2002*). In a study of the effects of Texas' comprehensive accountability system on educational equity and student achievement, Scheurich, Skrla, and Johnson (2000, 2001) found that individual schools, as well as entire school districts, are demonstrating improvement under the state's systemic reform policies.

Various school choice initiatives also reflect NPM techniques to improve education. School districts throughout the country offer extensive inter and intra-district public school choice options, including magnet schools, alternative schools, and charter schools. Currently, 39 states and the District of Columbia have passed charter school legislation, educating more than 600,000 students nationwide (*Fusarelli, 2003*). Privately-funded voucher programs operate in approximately 80 cities, with publicly funded voucher programs in Cleveland and Milwaukee (*Viteritti, 2002*). Florida operates the only statewide publicly-funded voucher program in the United States, although Colorado recently passed voucher legislation as well.

### **Redefining the "Public" Under the New Public Management**

Examining the infusion of neo-corporatist ideology, policies, and practices of the NPM in education reform, we raise a significant question as to whether the NPM will fundamentally alter or change the nature of the "public" in public schools as organizations. Further, what are the implications of this movement for educational governance? According to Roberts (1997), decisionmaking and deliberation in public organizations are fundamentally different than in private organizations, since decisionmaking and deliberation in public organizations necessarily involve more and varied participants, each of whom has a say in the final outcome of decisions.

Do efforts to more tightly couple education through top-down, outcomes-based standards and accountability policies—with the federal and state governments assuming ever greater responsibilities for monitoring educational performance—weaken lay control of schools and pose a threat to democratic governance? Furthermore, since charter schools, private, and parochial schools are not governed by locally-elected governing boards, are these schools less "public" than traditional public schools (*Lubienski, 2001*)? In sum, does the NPM essentially privatize the delivery of educational services, and what then becomes of the public character and mission of education?

Such questions raise anew whether the distinction between the public and private spheres is significant or merely rhetorical. According to Wamsley and Zald (1981), public administration theory has been mired for decades in "debate over whether a meaningful distinction can be made between public and private administration" (p. 46). Is administration context-specific or do such distinctions obscure important similarities between the public and private sectors? Wamsley and Zald (1981) assert that the distinction between public and private is significant and note that public organizations are "more dependent upon funds influenced by political processes or agents" (p. 47). Furthermore, "the recipient of services is usually not the immediate funder, and the taxpayer finds it hard to discern linkage between his taxes and any benefits accruing from organizational output" (p. 47), a situation that becomes particularly problematic given the increasing number of taxpayers without children enrolled in public schools.

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Potential differences between the public and private spheres are also significant with respect to school choice. For example, whether vouchers will advance or erode the public interest depends on “our collective understanding of where our public interest lies and of the role we see for government” (*Kennedy, 2001, p. 450*).

Another question is whether the New Public Management, with its emphasis on satisfying individual needs, adequately meets the needs of the public as a whole (*Peters, 2001*). Does the NPM dilute the public purpose of public organizations, and does it satisfy the common good? With its emphasis on accountability and privatization, the NPM requires that public administrators, in effect, become entrepreneurs. However, *Peters (2001)* asks whether the demands of public entrepreneurship conflict with the requirements of democratic theory and public philosophy.

Even management theorists such as Peter Drucker (*1985*) note that managers in public institutions “tend to see their mission as a moral absolute rather than as economic and subject to a cost/benefit calculus” (*p. 179*). Critics argue that the NPM may be inadequate in ensuring the common good or in meeting “important societal needs” (*Brown and Contreras, 1991, p. 144*). Reforms rooted in market-based principles may be inappropriate for schools as public organizations. According to *Fry (1989)*, absent a profit criterion, “the activities of public administrators [such as school administrators] are difficult to measure” and “thus difficult to evaluate,” since in the private sector, “profit serves as the ultimate test of organizational effectiveness” (*p. 1040*).

To date, contracting out educational services to private, for-profit management companies has not proven to be an effective instrument in improving schools (*Sawicky, 1997*). Companies such as the Edison Project, the Tesseract Group (formerly Educational Alternatives Inc.), and Alternative Education Inc. have failed to improve significantly educational outcomes of schooling or demonstrate substantial efficiency savings, contrary to expectations of the supposed efficiency and excellence of market-driven service providers in the private sector (*Fitz and Beers, 2002*). *Sawicky*, himself an economist, suggests that the “legend of business expertise . . . is more appearance than reality” (*p. 21*).

Research on vouchers suggests that market-based alternatives do not necessarily promote efficiency and tend to increase racial and social segregation in education (*Spicer and Hill, 1990*). Various school choice plans, be they voucher plans in Milwaukee or Cleveland, public school choice plans (such as magnet schools or intra/inter-district choice), or choice provisions under NCLB, have yet to demonstrate definitively that such reforms have made the school system more efficient, more effective, or more equitable. In fact, as in the case of the New York City high school system, the most extensive school choice plan in the United States, market-based choice options increase racial and socioeconomic segregation in public schools, with no corresponding efficiency or effectiveness benefits (*Bastian, 1990; Moore and Davenport, 1990*). Often, school choice creates “economically, socially, and racially stratified communities,” because market-based incentives always produce winners and losers (*Brown and Contreras, 1991, p. 145*).

Drawing from research in economics, *Sawicky (1997)* observes that markets and business organizations do not always “do a good job in satisfying public wants and

promoting social welfare" (p. 21). In fact, in many cases, "they fail miserably" (p. 21). But the ideology of privatization—that "business will always do better"—is patently false (p. 21).

The loosely coupled nature of educational systems, whose "educational outcomes are diverse, complex, and difficult to define, measure, interpret, and analyze," makes it difficult for private sector firms to operate effectively (Sawicky, 1997, p. 21). Further, "the paths to success are shrouded in uncertainty and controversy" (p. 21).

Thus, although NPM techniques are increasingly employed in education, they are not without problems. For example, numerous school districts have tried and abandoned merit pay schemes, in part due to the difficulty of measuring individual contributions to the performance of large, complex organizations such as education (Peters, 2001). The scholarly research on merit pay suggests that it is an insufficient motivator to improved school system performance. As a result of such failures, management theorists recognize that many public service organizations, including schools, do not respond well to marketplace incentives (Drucker, 1985). This poses a major problem in achieving the goals embodied in NCLB, since the legislation relies largely upon market-based principles as the mechanism for school improvement.

### **Conclusion**

If the neo-corporatist ideology and the New Public Management techniques and policies fail to significantly improve schooling in the United States, as this article suggests, then many of the lessons learned about what works in private organizations are not directly transferable to the public sector. Accordingly, the public and private spheres may, in fact, be different in significant ways.

Weick was correct in his assertion that schools are not like other organizations—be they public or private. Brown and Contreras (1991) note that, "Education is the only public service in which individual states have a constitutional mandate to provide all children, regardless of where they live, with free quality education and to equalize educational opportunities across all communities" (p. 145). This mandate and the federal government's push to "leave no child behind" distinguishes education from other public services.

Furthermore, since education is mandated and regulated by the state, grafting market-based management techniques such as those embodied in the NPM onto the educational system (as is the case with NCLB) presents a host of challenges for policymakers. Since schools, as unique public organizations, do not operate as markets do, we should not expect market-based reforms that have demonstrated success in the private sector to be equally effective when applied to schools. The challenge to educational governance and school improvement is to develop more comprehensive, systemic reforms that do not rely solely on market-based mechanisms as the vehicle for school improvement and educational reform.

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