Corporate Managerialism and Australian Schools:
Scenarios from New South Wales

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Dr Annette Willis
School of Education
Macquarie University

Australia in the 1990s is witnessing a marked shift in educational policy making and planning throughout the entire fabric of the education sector—from early childhood to tertiary. The quest to become the 'clever' country has been thrust upon all educators at a pace designed to be rapid and all embracing.

Dawkins has suggested that there is 'no substitute for a full and thorough debate about the type of education system we want in this country...those debates, so long as they are informed, can go a long way to helping governments to decide upon and implement appropriate policies for Australia'. (Dawkins, 1991:1) This paper seeks to contribute to the debate by reviewing aspects of the quest for 'reform', considering some key terms and concludes with an analysis of trends in New South Wales.

Background to the Reforms of the 1990s

In May 1988 the Commonwealth Minister for Employment, Education and Training, Mr Dawkins, published Strengthening Australia's Schools: A consideration of the focus and content of schooling. This document, according to Pope (1991), was the signal of his new reform agenda for education. Not that the reform agenda is confined to schools but rather is part of a push for the reconstitution of the entire education sector as a whole. Strengthening Australia's Schools is not a long document, yet it is an expression of the philosophy underlying the 'vision' of Dawkins for the role of schools and education as a whole.

The reform agenda set for schools (in order that Australia become the 'clever' country) fits within the wider context of social and political change that has occurred since the early seventies. Knight (1990) succinctly reviewed the past twenty years and found that Australian education has undergone a revolution unparalleled since the introduction of compulsory mass elementary education in the latter part of the 19th century. He traces the massive input of funds from the Commonwealth into schools under the Whitlam-led Labour government through to the Hawke-led Labour government of 1983, and in particular, the transformations being
encouraged by Mr Dawkins since 1988. Knight isolates six factors of note. Of particular interest is the shift of economic theory – from essentially a Keynesian approach supported by an economic buoyancy of the early seventies, through to the economic rationalism and recession of the nineties. Economics and education have become intertwined in the quest to apportion 'blame' for all ills – the school and other public agencies are to blame, not the economic, cultural and social policies of business and industry (Apple, 1988; Sachs, 1991).

Knight notes that the most significant factor in the 'reform' agenda is the shift in economic assumptions since Whitlam. Keynesian economics are dead. Elsewhere (notably the US and UK), 'new right', 'monetarist' and 'supply side' economics predominate. The Whitlam labour government highlighted 'equality of opportunity' for a range of 'disadvantaged' schools and their children (Schools Commission, 1973). Concerns for outcomes and the provision of adequate inputs (in terms of funding) to achieve these goals.

Australia today is characterised by economic rationalism (Knight, 1990), with an emphasis on public sector reforms, coupled with a 'new' approach to public sector management—'corporate managerialism'. "managerialism' is to provide the 'how' in the push for an increase in efficiency, quality and effectiveness. At the same time the Federal government is committed to the 'restructuring' of Australian industry to make it more efficient and competitive on world markets. Workers are to be re-skilled, more flexible, more productive—'clever enough to be more capable' (Dawkins, 1991: 4).

Education plays a crucial role in this version of human capital theory, economic rationalism with stress on efficiency and effectiveness and application of corporate managerialism to the public sector (Sweet, 1989; Watkins, 1989). Dawkins clearly sees education as the means to achieve his ends of economic revival. According to Dawkins '...saying that education does have an economic purpose increase its social value' (1991: 3).

Further, 'the country cannot afford to enter the next century still riding on the sheep's back' (Ibid). The 'participation revolution' in education and training must continue—only then will Australia be the truly 'clever' country.

Dawkins, as an exponent of the New Right argues that there is a need to develop a highly trained and skilled workforce so that Australia will be competitive in the international markets. On the other hand, Sachs (1991) reviews research which indicates a different perspective—the economists who maintain that the new technology of business does not necessarily require high levels of education and skill (Apple, 1987; Carnoy, 1988). Bastian, Frucher, Gittell, Greer and Haskins (1986) argue that current economic realities do not justify the claim that a more competitive school regime will raise productivity and widely enhance job opportunities.

Key Terms in the Reform Agenda for Schools

It is quite clear that the reform agenda for schools is couched in terms that have a certain validity in an economic framework and are now
transferred to an education context. In the first instance, some attention should be paid to the word 'reforms' and notions embedded in this context.

For the purpose of this paper 'reform' and the 'reform agenda' shares the meaning outlined by Pope (1991). That is, it is assumed the central purpose is to bring about structural and other changes that increase the control (vis 'steering capacity') of those managing education systems. Knight (1990) cautions that reform or change, per se is not necessarily progress. In keeping with the direction of this paper, reform reflects a struggle for control that is by definition political and which, as highlighted by Pope (1991), demands that questions of who benefits most from the reforms be posed. This paper restricts itself to the educational reforms that are driven by control/managerial concerns.

The language of the reform agenda uses key terms to explain and rationalise the theory behind reform—terms such as corporate managerialism, corporate federalism and devolution. Each of these terms reflect the conceptual basis of 'reform' and must be analysed in order to fully grasp what reformers are insisting should occur in schools and in the education sector as a whole. The discussion which follows is an introduction to the terms which are more fully developed elsewhere (Cox and O'Sullivan, 1988; Pope, 1991; Yeatman, 1991a, 1991b).

As discussed earlier, the reshaping of the education sector is part of much wider public and industrial administrative agendas that have provided the policy direction of the Hawke Labour administration at the Commonwealth level since the mid 1980s. Similar thinking underlies the policy directions of the State governments, irrespective of the political party. 'Corporate Managerialism' has been coined to describe the new approach to public administration. Considine (1988) provides a list of features—program budgeting, corporate planning, performance contracts, program evaluation and efficiency scrutiny. Corporate managerialism finds its rationale in human capital theory, where competition and entrepreneurship are valued and the values of protection and compensation, critical understanding, political literacy, personal development, self-esteem and shared respect are beside the point as 'too expensive' (Apple, 1988; Considine, 1988).

Yeatman provides a neat summary of the essence of corporate managerialism as the replacement of public policy objectives couched in terms of social goods by public policy objectives couched in terms of economic goods (1991a:1). Thus the public sector is not about the delivery of public values, previously the domain of education and in particular schools, but about the management of scarce resources.

The language of corporate managerialism dominates the educational debate which has been the site for contestation and struggle of New Right discourses. Corporatist assumptions justify a retreat from an earlier commitment evidenced in the statements about 'equality', 'diversity', 'non-sexist', 'multiculturalism' and 'community involvement'. The new language includes 'effectiveness', 'efficiency', 'increased productivity', 'choice',
'competition' and 'market place' (Cooper, 1988; Pope, 1991; Sachs, 1991). The language of corporatism carries the new policy imperative, achieve increased outputs for the same or diminished inputs (Knight, 1990).

The 'new federalism' or 'corporate federalism' has, along with the notion of the 'clever country', been popularised by the Hawke-led Labour government. Yeatman (1991b) view federalism as the centralisation of governmental policy and functions which are to be central to micro-economic reform, and the devolution of policy and functions identified with social welfare to the State and Territory level of Government. The Commonwealth Government is prepared to cede control over welfare areas in return for more centralised control in the other areas. In return, state and Territory governments receive block grants, with no constraints to deliver programs in conformity to national guidelines. Yeatman emphasises the possibility that states may shift welfare funds in the direction of their own efforts to develop a competitive economy (1991b: 2). The institution of federalism and the inherent structures of corporate managerialism results, according to Yeatman (1991b) and Cerny (1990), the shift from a welfare state to a competition state and the consequent death of the civic traditions of public education. Lingard (1991) considers the policy processes of the Commonwealth Department of Employment Education and Training as corporate federalism– the creation of a mega-industry under Dawkins.

Devolution is another key term in the lexicon of education reform. In the 1970s 'devolution of responsibility' was linked to the notions of diversity and community involvement. It incorporated the notion of greater flexibility for teachers and schools to respond more creatively to the needs of all their students– particularly disadvantaged students (Pope, 1991). As Pope rightly claimed, devolution of responsibility was set in the context of stable resourcing of schools. Focus was on the locus of curriculum control belonging to the school–community level.

Restructuring and devolution in the late 1980s are used to force teachers to address concerns for improvements in 'quality', 'excellence' and 'standards' (Knight, 1990). Devolution is part of corporate managerialist approaches to public sector management. The management review of operational structures and administrative arrangements undertaken by Dr Brian Scott in 1989 in NSW is an example of a school system which has been reviewed and restructured according to managerial principles. Devolvement of most of the centralised functions from the centre to the regions was a central recommendation– along with 'downsizing' the number of public sector personnel working in head office from 2000 to 300. What remains is a small, 'central executive' whose function is policy development, corporate planning and educational audit. As Pope (1991) clearly states in her assessment, the focus of this kind of devolution is not upon curriculum (in terms of teaching and learning outcomes) but on budgetary responsibility and accountability for doing more with less.

The pervasiveness of devolution is clearly evident in NSW Schools and in the scenario developed by Harman (1991). The view presented was that school
systems throughout Australia will soon have lean administrative structures, with substantial devolution to schools managed by their own principals and school councils, with schools buying services (such as inservice, curriculum consultancy) from central or regional offices, or from private consultants or contractors, and with a much greater degree of potential choice. Pope raises serious doubts concerning the provision of a system which ensures equity and protects the needs and rights of all sectors of the community in a so-called 'free-market' world of corporatised education.

It has been argued that devolution is going to result in greater freedom for communities to determine what their schools should be. It is most likely that this will come at a price. Senior policy makers argue that the processes of devolution allows for greater community input and control of what happens at the local school level. The converse occurs in the trade-off - the central concerns of states for 'quality', 'excellence' and the meeting of centrally determined policy outcomes will result in more accountability processes such as the Basic Skills Tests in NSW. Teachers will be faced with an intensification of their work and, if they speak out, will continue to be attacked as a professional group which allows declining standards, is responsible for youth unemployment and lacks commitment to the government plan of 'excellence for all'. Knight (1990) in part has linked the series of unwarranted attacks on the teaching profession as a weapon in the campaign to weaken the position of teachers as credible professionals within the community able to make the best decisions for children and schools rather than government instrumentalities.

Professional autonomy stands in opposition to the concerns of devolution and award restructuring based on a tight codification of 'skills' of teachers. The 'destructuring' of 'teachers' work into component skills destroys the human-relational, subject to subject nature of education, which as Pope (1991) affirms, lies at the very heart of the work of teachers.

A Case Study of Corporate Managerialism in Practice: Flexible School Resource Management in New South Wales

The analysis of the devolution of budgetary management to schools made by Yeatman (1991a) provides an appropriate introduction to an overview of 'flexible school resource management' which has been trialled in NSW during 1990-1991. Yeatman rightly claims that the devolution of budgetary management of schools has occurred using the rhetoric of 'consumer choice' and 'community self-determination'. Yeatman postulates that the logic of devolved budgets means that the better resourced schools are able to be more enterprising than the less well resourced schools. 'The former can treat part of their budgetary allocation as a capital fund. In general, the overall base and quality of public schooling is likely to decline except for a minority of well resourced and competitive schools. This will be especially the case if public schools are able to compete for students' (Yeatman, 1991a: 6). Since NSW has begun trialling devolved budgetary management (Flexible School Resource Management) is there
evidence that Yeatman's claims are true?

Background to Reforms in NSW

When the Greiner-led Liberal government came to power in NSW in 1989 they did so with a very clear agenda for reform in education in NSW. The stated policies (Liberal, 1991) are similar in their principles and philosophy to that espoused by the Commonwealth government. An excerpt clearly indicates this:

'The Greiner Government's education policies are designed to lift standards in our schools by encouraging excellence, equity, choice and diversity. We believe in giving parents and local communities a greater say in 'how their schools are run, and in giving principals and teachers greater freedom from centralised bureaucracy.' (Statement May, 1991)

The government bases its reforms on four reports undertaken at the request of the government. School Centred Education (also known as 'Schools Renewal' or the Scott Report), Report of the Committee of Review of NSW Schools (also known as the Carrick Report); and Implementation of Curriculum Initiatives.

The Greiner government couches all its reforms in corporate terms, including 'global budgeting and self management plans' proposed for schools. Schools will be able to manage their own resources and make decisions which are more responsive to the educational strengths and needs of their students. Schools are kept abreast of changes and proposed restructuring via 'Schools Renewal Bulletins' issued regularly under the signature of the Director-General of Education. These bulletins cover all areas of 'renewal' in schools including:

- School renewal plans
- School based global budgeting
- Local appointment of staff
- Performance appraisal of staff
- Formation of school councils
- Planning in the Department of School Education (Strategic)

Flexible School Resource Management and Global Budgeting

In 1990 more than 900 schools participated in school-based global budgeting and the flexible school resource management trial commenced in 50 schools. Thus schools on global budgets received cash grants for casual relief, gas, electricity and freight amongst other items. Schools included in the flexible school resource management trial were able to appoint staff. An evaluation of the trial (NSW Department of School Education (1991a), suggests that schools and their communities were generally satisfied with the results of their participation.

In some instances the Department feels that student outcomes have improved (an interesting effect in a trial of less than one year). An important
consideration is the disclaimer made by the Department that 'neither the schools nor the positions involved in the Trial were representative of schools and positions across NSW. Hence caution must be exercised in generalising from the success of the program with early Trial schools to other schools' (p.3). An interesting basis for the further extension of flexible resource management to all schools.

In a report of a Departmental working party on devolved financial management in schools– equity considerations (NSW Department of School Education (1991b) a more elaborate exposition of global budgeting is espoused. Schools are provided with cash grants to carry out the responsibilities required of them. This has been done in order to 'address the issue of equity of the distribution of educational resources between schools in our system' (p.1). At present funds are allocated for specific purposes, but for school based budgeting to deliver its potential benefits, the system and schools must stop thinking in terms of 'tied buckets of money earmarked for particular purposes by someone else' and embrace the concept of a 'total budget' able to be allocated at the schools' discretion. Benefits of the approach are outlined– schools will have greater certainty and flexibility in budgeting; schools will be able to earn extra income (by investing and earning interest); schools and the system will become more aware of site management costs and lastly, the equity of distribution of educational resources 'should be able to be more easily addressed' (p.1).

How will 'equity' and the differing needs of schools be met? It is claimed that the funding formula based on 'historical entitlement' will 'merely perpetuate the status quo', thereby removing and incentive for 'improved management practices and cementing in place existing inequities in resource distribution.' The answer, funding on a 'needs' basis, to be determined according to an index of disadvantage previously used by the Commonwealth to fund schools under the Disadvantaged Schools Program. It is acknowledged that in this process there will be 'winners' and 'losers'. The funding formula will have weightings built in according to six factors:

1. Placement on the DSP list of schools
2. Proportion of NESB students
3. Proportion of Aboriginal Students
4. Special Education Support Units attached
5. Climate extremes
6. Degree of isolation

The weightings associated with each factor would be subject to variation over time. A sample is given in the paper to illustrate the differential effects of the weightings. For example if two equal sized schools were at present receiving $100,000 in funds, the one that possessed none of the needs factors, would fall to $95,700 and the one that possessed several factors to a 'severe' degree would increase to $104,300. This is considered to be an 'acceptable' result. The reality– a school with difficulties in any combination of the six factors is expected to address these needs with
$8,600 more than a school with 'no problems'. Is this the 'choice?' It becomes evident that many of the issues raised by Yeatman and Pope are well founded, it is quite clear that the parents and children who are left within ghettos of poorly-resourced and low status schools have no choice at all. So much for the rhetoric of 'excellence', 'equity', 'choice' and 'diversity'.

Conclusion

Clearly Considine (1988) is correct in his conclusion reached after analysing the corporate management framework. He states that, although the framework may rest on a flawed theory of efficiency, it has great political appeal to key ministers and officials irrespective of party. As Pope suggests and so Dawkins urges, much well thought-out debate is needed. Debate founded on sound analysis and viable alternatives– bearing in mind the conclusion of Knight– change is not, per se, progress.

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