Whither market forces in education?

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Provides an overview of some of the findings of a recently completed study of school choice in 33 local schools which may be indicative of the effect of an increase in the marketisation of schools. Since it is unlikely that debate over parental choice can be settled by theoretical argument alone and it may also be too early to understand the full implications of the relevant recent government reforms in the UK, results from research in other sectors of education can be used in the interim. Presents research which is partly based on a limited market model of cheap fee-paying schools. This market has been established for a long time, and so some of the benefits or damage caused by markets in education may already be observable in operation.

Introduction

Several theorists and writers have suggested that an increase in the rights of parents to choose schools for their children would be beneficial socially and educationally, while, on the other hand, perhaps a majority of educational researchers see this policy as potentially damaging and divisive. Some of their arguments are outlined below, but policy changes such as those that took place in the UK in the 1980s need a considerable time before longer-term trends are clearly visible (McPherson and Willms, 1987). Since 1988 there have been several empirical studies investigating how the “market” in schools operates and which give some indication of these longer-term trends. However some of the best work has been either very early, making use of historical data (Alder et al., 1989), or very specific in its concerns (Bagley, 1995). There have, in addition, been a series of studies centred on giving advice to prospective parent choosers (Cox et al., 1989). Some more recent works, such as David et al. (1994) and Gewirtz et al. (1995), have been based on very small-scale studies allowing little generalisation while using, in one case at least, questionable methods of analysis (Gorard, 1997). Also, despite the rhetorical link between choice and diversity, few studies consider the market in schools as a whole, with the focus tending to be on local education authority controlled schools or grant-maintained schools or a small proportion of the private sector. It is in this climate that a study of a genuine and long-established market in schools alongside the more recent market of publicly-funded schools can be of assistance.

This paper is in two main sections. The first contains a brief discussion of some of the ideas that can be advanced both for and against the recent increased parental choice of schools in England and Wales. It illustrates some of the difficulties in trying to predict the outcome of policy changes, and provides a series of questions to be addressed by research in this area. The second section includes an outline methodology and a summary of pertinent results from a recently completed study of school choice. In this way, the second section highlights and tentatively answers some of the questions in the first.

Market forces in education

There has never been any pretence that comprehensive schools in the UK before 1988 were all of equal quality, whether that quality was measured in funding, academic outcomes or parental satisfaction. The problem for those concerned was to try and assess that “quality” – a necessary precursor to any attempt to equalise provision. The introduction of greater market forces has been seen by some, such as Keith Joseph, as a solution to both problems (Edwards et al., 1992). Their argument is a simple one. Parents as the users of a school can recognise its “quality” and they want what is best for their own child (e.g. Levin, 1992). Giving them the choice of a new school reveals the relative quality of schools in terms of their popularity and gives everyone equal opportunity to access the “better” ones (Cookson, 1994; Tooley, 1994).

School choice has been available for parents in the UK, to some extent, for a long time, as it has in the USA (Witte, 1990a). In a system of allocating places to schools based on a catchment area, parents had the right to move house, and some could opt out of the state-funded school and send their child to a fee-paying school. Each of these choice strategies required finance, and so the catchment system provided choice only to those who could afford it (Maynard, 1975). The Education Reform Act 1988 (ERA), with the earlier Assisted Places Scheme, has, however, given every child a de jure right to attend almost any school in the country, including a number of fee-paying ones, and so can be seen as extending the luxury of choice, and sharing the privileges of the elite more evenly.

Parental choice of schools, on the other hand, can be seen as a local form of referendum, with prospective parents as the electorate, but with the constituencies so small that local voices can be truly effective, and each school can, in theory, cater for a different set of “clients”. In this way, advocates claim that the “dictatorship” of uniform public monopoly schools can be broken, and with it the social
Evidence on the existence and proportion of these two types of clients in society is conflicting. On the one hand, the Carnegie Foundation report estimates that in US states where school choice has been adopted, less than 2% of parents participate in the programme (Cookson, 1994). There is, however, an indication that the number of parents prepared to become involved in choice is growing in both the USA and UK (Echols et al., 1990), and that the poorer families are becoming just as involved as any other section of society (Bauch, 1989). It may be that some families are natural consumers, used to making choices, and these are the minority, or perhaps the élite, reported in early results, but that others are not necessarily “inert”. Some families may simply be slower than others in becoming aware of their rights to choose and appeal, in which case the proportion of “alert” clients would be expected to grow continuously, and there is already evidence that this is happening in the UK. In the study presented in this paper, every single parent refused a place in some of the most popular LEA schools in South Wales in 1995 went to appeal and the hearings were held en masse.

Another objection to the marketisation of schools is that they do not provide typical consumer goods, since their quality is chiefly determined by the quality of their customers (National Commission on Education, 1993). There is imperfect competition between schools, and imperfect information on which “consumers” may judge them (Hahn, 1988). “Exit” is one proposed mechanism of control in a market organisation, but this is not an option that consumers of education are likely to use very much. The disruption caused by moving school may be too great for it to be very effective. Perhaps the biggest obstacle is that LEA schools are not run for profit and so do not have a right to use the school of their choice, unless it has spare places. In this situation, the school may become more selective in its pupil characteristics that have been found to be associated with it. As before, children may be disadvantaged by parents who do not value education, who condone truancy, or want their children to avoid exposure to normal socialising experiences (Coleman, 1990).

On the other hand, while choice may have led to a larger élite, these may still be enjoying a preferential education at the expense of others (Tomlinson, 1994). Active choice is more common among better educated and higher social class families (Echols et al., 1990), being linked to home-ownership and socio-economic status (Adler et al., 1989), and more prestigious occupations (Wills and Echols, 1992). This trend may be increasing the segregation between schools in terms of their mean socio-economic status, and all of the pupil characteristics that have been found to be associated with it. As before, children may be disadvantaged by parents who do not value education, who condone truancy, or want their children to avoid exposure to normal socialising experiences (Coleman, 1990).

It therefore falls to the more inert parents, those perhaps less attuned to the situation, to provide the basis of loyal clients, who give the school time, and a “dollar cushion”, for any improvements to take effect. Both are necessary. If most parents are “inert”, choice does not stimulate competition. If most are “alert”, it may cause problems for schools trying to expand, and so suffering in the short term, leading to another exodus, and not enough stability for any substantive measures to be seen to take effect. In theory the mere threat of exit may be sufficient to make suppliers anxious to respond to their customers’ needs, but, in practice, improvements in schools can take years to become obvious in the form of quantifiable outcomes, which will be too long to wait for a selfish agent with only one shot at education. It is much easier to leave than to articulate the problem with the current service (e.g. Cookson, 1994).
other schools in terms of raw indicators. Thus a market can lead to complacency and demotivation for successful schools, emulation of their conservatism by those less successful, and so to dis-improvement overall. A policy of "improvement" through selection of intake may make sense for a school in the market, but it is only cosmetic, not making any school more effective. It must also be reflected in a decline in results elsewhere. In reality the schools would be making the choice, and not the parents. A policy of selection by schools can therefore also lead to segregation by first language, gender or social class, as schools use profiles of an "average" successful candidate in order to predict future success. The recent rise in exclusions, and associated appeals, suggests that schools are trying to screen out what they see as problem pupils (Ball, 1994). There is already some evidence that school responses to market demands are discriminating against black families and groups, and a court in the UK has ruled that the right to choose overrides the Race Relations Act (Blair, 1994). The paradox of choice programmes is that, although they are popular with poorer urban families, recent immigrants, non-whites, and less prestigious socio-economic classes, these may be the very types of families who may be least likely to use their choice (Lee et al., 1994).

Several points can be made against these objections, in addition to the evidence that the proportion of alert clients is growing, especially among the poorer and minority families. Since income and wealth are unequally distributed in society this will inevitably lead to unequal access to education in a free market. Poorer families will have fewer funds for travel, and additional contributions to schools, and less opportunity to move (introduction in Manley-Casimir, 1982). However, this has always been true, even under a catchment system, and can be seen as an argument for greater equality in society, and not one against parental choice per se. If inequality is seen as undesirable in its own right, its existence should not therefore be accepted as a "given", and then used to argue against choice. Education, by itself, cannot be expected to solve major societal injustices. The evidence that schools seen as successful will be overloaded with applications suggests that there are many parents not happy with their current neighbourhood schools. This is, in itself, evidence of the need for change in schools, and of the enthusiasm of parents for their increased choice. It is not at all clear that a policy of not allowing the parents in the less desirable schools to express their dissatisfaction is preferable in any way. The basic problem at present lies in the ability of UK schools to turn pupils away once their standard number, a completely arbitrary figure, is reached. It is this which may lead to selection, and could be prevented by supplementary legislation, allowing successful schools to expand. It may be that as schools grow and begin to operate on split sites, in "portakabins" and employ teachers from schools with declining rolls, their attractiveness may decline, and an equilibrium be reached without a single pupil having to be turned away.

One problem for the model of consumer choice in education is that it operates maximally in urban or suburban environments. Low population density and travel restrictions mean that many families in rural areas effectively have no choice at all. Early reports suggest that active choice, or deselection of the local school, is consequently much higher in urban areas than rural (Adler et al., 1989), and in areas where there are more schools (Echols et al., 1990). Some rural areas are in fact still running a pure catchment area system, allocating places by proximity where a school is over-subscribed (Hammond and Dennison, 1995). Menter et al. (1995) find little evidence that patterns of enrolment in primary schools have been affected by the market since 1988. This is further complicated by administrative rules relating to free school transport. Some parents are of course still prepared to pay for transport, or to drive themselves, but such a strategy is likely to have social class implications. It is clear that for choice to work, travel costs must be taken into consideration in any plans to retain equity of provision. However, it is not clear whether the opposition to choice based on the uneven distribution of schools and population density assumes that school choice is a "good thing" of which some are being deprived, or whether it is a "bad thing" in which case those in rural areas, where it is impossible to implement, are better off, and can hardly be used as the basis for an objection.

Choice schools are now engaged in rivalry for expansion and survival, which may be leading to a "dull uniformity" of provision in the UK (Tomlinson, 1994). All schools are aiming to follow majority trends, and none is responding to the diversity among parents by providing a distinctive kind of school, and then targeting their potential consumers (Woods, 1992). Perhaps the reason that schools are being so unadventurous and unresponsive is that they do not have good processes for learning or responding to changes from outside (Levin and Riffel, 1997). This is not due to ill-will or incompetence but "long-ingrained patterns of thought and behaviour" (Levin and Riffel, 1995, p. 1).
which is why it might be that the advent of choice will be both less beneficial than advocates suggest, and less harmful than critics fear. Whatever the long-term consequences, for good or ill, of the recent changes in the UK, some children will find themselves stranded in declining schools. Although such schools may eventually close, any improvements through market-driven evolution will require “casualties”. It is therefore possible to argue that the children in these schools are the forgotten victims of the choice process, although it is also possible to claim that the schools they attend were “failing” anyway, as evidenced by their decline in roll since the advent of choice, and so, although there has been no impact for the rump, choice has actually reduced the number of casualties.

At the core of a programme of school improvement through market competition lies the notion of parental choice. If parents make good choices, the model works well, at least in theory, and if they do not, the market fails to deliver. People do not generally make rational choices, partly through inability to cope with uncertainties, probabilities, and the “law of small numbers”. People usually “limit themselves to one salient dimension while screening out dimensions that suggest a different solution” (Eiser and van der Plight, 1988, p. 99). The difficulties in acting out the role of consumer of education are immense. In order to be able to choose effectively, parents need access to the options available, convenient geographical access to more than one school, valid information about the alternatives, help to articulate their needs, familiarity with present educational programmes, the capacity to understand the information, and the time to consider and review it (Raven, 1989). In practice, to make a choice based on the effectiveness of a school, one needs to be clear what the objective of education is, but this is something that even professional teachers and research academics cannot agree on. Parents cannot be expected to make such choices according to Thiessen (1982). Some parents are using the raw examination performance indicators (Willms and Echols, 1992), and so are choosing the past pupils of a school, and not the school itself. There may be an element of superstition involved in sending a child of whatever ability to a school in which other children of unknown ability have previously done well in examinations.

The fee-paying model

The previous section examined some of the points made in the debate over the use of market forces in education, and showed how difficult it is to decide on the likely outcomes, especially as the UK legislation appears to contain contradictory elements. Since the results of policy changes can take a long time to become clear, it makes sense to use the long-established market of fee-paying schools as part of a study in order to try and predict what the effects of marketisation may be in the state sector. For instance, would a move towards a more orthodox market by allowing schools to operate for profit lead to the advances predicted by some (Coleman and Hoffer, 1987; Tooley, 1995)? Also, given that choice is seen by some as an antidote to stratification and social reproduction in education, and by others as a major cause of it, it will be interesting to see to what extent fee-paying schools are elitist, and to what extent they are compensatory. Finally, as it is not clear whether parents are capable of making rational choices about schools, even when they behave as “self-interest maximising” individuals, doubt must be cast on the possibility of using increased choice as an engine for improving schools. Again, the fee-paying sector can shed some light on this, the kinds of choices made by families, the extent to which the schools are driven by their “consumers’” preferences, and ultimately the comparative quality of the schools.

It might be countered that fee-paying schools, although clearly a genuine market in which money actually changes hands, actually represent a very limited model because of pupil selection by academic ability and parental income. Such a view stems from the findings of work based primarily in England and in the so-called “public” schools (Fox, 1990; Whitty et al., 1989). Wales has a very different fee-paying sector to England, at least in size (Gorard, 1996b), and even across the border the élite schools may not be representative of the majority of short-lived poorly equipped tiny schools in the sector, which are very rarely mentioned by researchers who appear to think that private schools are by definition élite schools charging at least £3,300 pa according to one account (Edwards and Whitty, 1997). The latter are in fact only referring to that half of the private sector spoken for by associations such as the Independent Schools Information Service. Since the majority of the school types in the present study were not state-funded, they have existed in a market situation for a longer period of time than their LEA-controlled competitors, and although the defining characteristic of the private schools in the survey was the payment of fees, these fees were often low – £300 pa in one instance – and were anyway not paid in full by many of their users.
Since these schools were also generally under-subscribed and declining in size, while becoming increasingly non-selective of pupils on any grounds, including gender, ability, and religion, the market in which they operate is perhaps as free as is possible at present. The findings from this study can therefore be used to throw light on some likely outcomes of the observed increased marketisation in the state-funded schools also taking part in the study.

The findings are based on a study of secondary school choice in South Wales, using a new methodology for collecting and analysing data on school choice as advocated in Gorard (1997). In summary, a survey was carried out of 1,267 individuals with an 80 per cent response rate, using both parents and children, in both urban and rural settings, before and after making the choice of a new school. The 33 schools in the study were selected as a systematically selected stratified sample of the full range of types of school found to be present in one localised market. The importance of studying a specific market at one place and time cannot be overstressed (e.g. Lovering, 1990), since the effects of implementing a national educational policy are rarely uniform (Rees et al., 1997), and it is only by making the merely local factors explicit (as was done here) that they can be isolated so that the results can be seen as relevant to other areas (Gorard et al., 1997).

The instrument used in the survey contained 95 questions, including at least one based on each reason for choosing a school that had been encountered in previous research. Principal components analysis was used to reduce the majority of these variables to seven factors underlying the reported reasons for choice, while cluster analysis was used to reduce the 33 schools involved into seven different types (Gorard, 1996c). The results were “triangulated” with those from interviews with selected families, interviews with principal actors in the schools, and observation of the characteristics of the chosen schools. This combination, along with the use of loglinear models to predict the choice of school, has probably not been attempted before.

Findings from the fee-paying model

Parents using fee-paying schools, in general, have no background in private education, and most have used state-funded schools for the child in question or its siblings. Around a quarter receive help from the schools or government in the form of fees concessions, and probably many more are helped by relatives, especially the grandparents. There is no clear threshold of affordability, and, to some families, paying for education rather than a holiday, for example, is just a matter of priorities. The level of fees rarely dictates choice of school within the sector. The parents concerned are often upwardly mobile rather than traditionally middle class, with a high proportion from religious minority backgrounds, and recent in-migrants to South Wales. Therefore, if fee-paying schools are playing a part in social or cultural reproduction (cf. Maxwell and Maxwell, 1995), it is not a direct in-family kind of reproduction. It may also be seen by parents, and especially children, as an opening into social networks of privilege and influence. Whether it is actually so in most of the focus private schools is a debatable point.

The schools they are using are, in the main, small co-educational non-selective day schools, with limited facilities and very limited space and this may explain the differences between their users and those of the elite schools of previous research. The number of schools considered by each family is slightly larger for fee-payers, perhaps because they have a wider choice. The schools are chosen not for convenience, or their facilities, but because they are small, nostalgic, and obtain reasonable outcomes. Selection by gender and ability is not a big issue in the sector. Many of the parents with unfortunate experiences of the state sector are making a negative choice – choice away from a type of school – and there is some evidence that this is partly motivated by dislike of the National Curriculum. There is little diversity among Welsh state-funded schools, and because of the relatively low population density of parts of South Wales, and the covert catchment areas operated by the LEAs, there is also little choice for most families. In the fee-paying sector, the situation is slightly different. The fee-paying sector is small and diminishing, and most of the schools in it are very small and sensitive to tiny variations in local supply. For example, in 1994-95, over one-quarter of the schools in South Wales closed, opened, or merged. In most cases, the “consumer” able to cross the “threshold of affordability” has a genuine choice, in that the school selected is usually very happy to accept all comers. On the other hand, while there are organisational differences between the schools, these economic threats are making them more similar over time, both in reality and in their presentation. All of the changes taking place are moving schools towards their most marketable form, which is that of the majority of schools – all-age co-educational, non-selective, urban day schools. Choice and diversity are not linked in this market.
In a market system of schooling, any beneficial effect on education as a whole relies on parents making “good” choices. In some formulations of choice theory this might be tautologous, in that popular choices are by definition good, and unpopular schools are bad. However a theory cannot survive as a tautology, and so it must be possible to consider the quality of the decisions made in this study in order to assess the likely outcome of the experiment. Some parents were found to have a completely inaccurate idea of how large the classes were in the schools they were using, and of how good the examination results are. Few knew what the facilities were like, and this ignorance was fostered by the schools which present themselves as prettily as possible. Some schools are being deliberately misleading in the marketing and handling of applicants. Of course, some of these parents may be “bad” judges, but to write them all off as such would be to miss the point. It does not matter whether it is the schools misleading parents, or parents comparing the schools today to those they attended, the relevant finding is that the service and intermediate class families taking part in this research were making decisions concerning schools based on inadequate information. This conclusion is in general agreement with that of West et al. (1995), who found that although families take the choice of a new school seriously, they may not act competently in some cases. Parents may not know their rights under the law, or may not use them through lack of skill, or fear of the consequences. Similarly, Martin (1995) found that even parents who were active choosers sought schools that were nothing like the criteria that they set initially. The author concluded that “the existing literature related to parental choice indicates that parents have neither the skills or the information about schools to act in such a rational way” (Martin, 1995, p. 13). The findings also show how important the role of the child is in selecting the school, often in a way that makes a mockery of economic theories of choice.

The study highlights two phenomena affecting the choice process, which have turned those schools which are responsive to the demands of a market into more conservative and traditional institutions – the reflection effect, which is the two-way influence of the schooling of the parents, and the domino effect, which is the influence of the schooling of elder siblings on school choice. This study has shown the similarities of these two processes of “dominoes” and “reflection”, which are discernible across both sectors, in leading to judgements based on out-of-date information. This finding draws a sharp contrast to the supposed outcomes of market theories of choice, based on current performance indicators. One of the outcomes of market forces, in the private sector at least, is that change leads to restoration of a more traditional style. Parents are attracted to private schools because they are small and traditional, evocative of a past age (perhaps a model for the grant-maintained schools described by Fitz et al., 1995), as well as appearing to offer the chance of better outcomes in terms of certification. Children, and to some extent their parents, are chiefly attracted to the apparent social status of attending a fee-paying school. These are the chief ingredients of the mix, although freedom from the National Curriculum, freedom from SATs and the disputes over testing - what one parent described as “the mess the state system is in” – and, in some cases, religious determination, all contribute their part. It is clear that the schools in question are generally small, and old-fashioned. They are exempt from the provisions of the Education Reform Act 1988. Do they also offer the opportunity of better outcomes, or is their reputation based on the performance of a few famous schools, on the present policy of using raw score indicators, and on the attribution of quality caused by the payment of fees?

Analysis of the league tables of performance of the fee-paying schools in South Wales gives a mixed picture. All such schools which enter candidates for GCSE have a benchmark figure considerably higher than the average for Wales. However, nearly 50 per cent of the schools enter no candidates, either because they are so small that they have no children in that year, or because they offer their own certification.
Others do not. In general, the traditional schools tend to be more selective, if only because of the scholarships and assisted places, while they are also more expensive. It is therefore possible to argue that these schools have barriers isolating them from the market, but that the newer schools should be much more sensitive to market forces. Yet, with the exception noted above, traditional schools generally have pupils who obtain better qualifications at all levels while the new schools often have indicators which are worse than the national average, and this situation gives no support to the market theorist view that parent power will lead to academic improvements in education.

**Conclusion**

It is too early to tell what the full effects of markets in education will be, but it is beginning to look as though the reforms are likely to be both less effective than originally suggested by some, and less damaging than feared by others. Of course, for some it does not matter what the intended effects of a choice programme are – choice is a good thing by definition, according to views such as the libertarian perspective of Erickson (1989). Since the state only intervenes in the home life of a child – its clothing, shelter, and food – in case of neglect or abuse, it should behave in the same way with education. However, as far as it can be deduced from the foregoing, the prognosis for the effect of markets on schools is not good. There are indications that the purportedly damaging effects of the market in schools may be more of a problem in the short-term transition and changeover.

In the US choice experiments it was observed that “poor parents take longer to acquire information; over time they catch up and become aware at the same level as non-poor parents” (Bauch, 1989, p. 302). A similar trend is observable in Britain, with a rise of 120 per cent in the number of appeals from 1990-94, with the rate of increase rising every year. However, in reality, nothing much has actually changed. Schools still operate a system of catchment, or selection by mortgage, creating educational ghettos in some areas. Parents can still only express a preference. Some of the purportedly damaging effects of市场化 are in fact based on the lack of a market structure in state schools. The rise in appeals puts pressure on the popular schools to expand, which they are unable to do, except in a very few cases, such as those hoping to benefit from the “Popular schools initiative” in Wales to give an extra £23 million to 12 schools (Pyke, 1995).

Since the fee-paying sector has been in existence as a market for so much longer, it is possible to draw some conclusions on the costs and benefits of “consumer choice”. On the positive side, applicants to private schools are not generally turned away, and so despite the very small number of fee-paying schools in Wales, several parents spoke of the enormity of the choice, especially, but not exclusively, in urban areas. Given the relatively large number of state schools in the region, it can be imagined what the impact of a genuine market incorporating free choice would be. Because there are no “standard numbers” in most private schools, applicants do not generally have to resort to the deceits and subterfuges apparent in the state sector. Because private school users are charged for examination entry, their public examination entry policy is one of the areas where parents can make a difference. Private schools are therefore generally more adventurous in making entries, especially in double entering, and selecting ambitious tiers and modes for marginal candidates. This is a high-risk, high-potential gain policy, possibly giving better results for local private schools at GCSE level, but their high overall failure rate may be partly due to this. One optimistic finding for the impact of school choice is that, in general, pupil and social selection in any form were not important to the families in this research.

On the other hand, the market is pulling towards similarity of provision, with some evidence that larger schools are establishing a quasi-monopoly. The fragmentation of the sector, and the lack of a co-operative infrastructure may presage what will happen in the state sector, in the context of an enforced break-up of the LEAs. Private schools still seem more concerned with promoting themselves than with what parents actually want. Thus, there is little evidence that the schools in this study actually provide the characteristics demanded by the six choice factors found to be particularly important to parents in this study (Gorard, 1996c), such as pupil safety (Hugill, 1993). If state schools follow suit and, in a competitive environment, spend increasing amounts on promotion, education as a whole may be the loser, whatever the benefits of choice for the individual. An education market, as displayed by the volatile fee-paying sector in South Wales, is a zero-sum game (Smedley, 1995). As one school wins, another loses, and so as schools put more and more into marketing, they may, like Alice in Wonderland, find themselves running faster and faster just to keep up.
References


