Published on *Adam Smith Institute* (http://www.adamsmith.org)

Incentivising excellence in education [1]

Written by **Gabriel H. Sahlgren** [2] | Thursday 18 April 2013

There?s a broad mismatch between educational and broader societal progress that?s puzzling. How is it that schools are organised and education supplied today in basically the same way as they were a hundred years ago? The main difference between education and other sectors is the lack of incentives at work to raise performance.

The theory sounds simple: allow competition through choice, and the rest will follow. Of course, reality is not that simple. Choice operates within broader institutional structures that either support or undermine it. So system design, with attention to how to incentivise improvement, is key if we are going to see any genuine transformation in education.

In *Incentivising excellence* [3], I discuss how choice serves as a catalyst for improved quality, and propose reforms to this end. The proposals are underpinned by a comprehensive review of the international evidence that takes into account the methodological strengths and weaknesses of studies, while at the same time paying attention to the competitive incentives of different education systems.

The cross-national research, which focuses on long-term effects, finds that independent-school competition is positive for achievement in PISA, the OECD?s educational ranking system. Competition also reduces costs. The total efficiency gains are striking. This contrasts with PISA?s official report, which fails to note any benefits from competition. This report, however, is not an academic study and it is likely that methodological weaknesses are responsible for the results. There is consequently no reason to disregard the proper academic research on the subject.

In terms of national and smaller-scale programmes, the evidence is mixed. Studies either note positive or neutral impacts. The results showing negative effects of choice are few and far between, while some studies display large gains in various countries.

A key lesson is that most attempts by governments around the work to introduce choice have been flawed. Many regulate in such a way as to prevent strong supply-side dynamics from arising (often partly because the profit motive is absent), don?t allow schools enough autonomy, and prop up failing schools by giving them additional funds. Such constraints work against true competition.

The English school choice model suffers from these same shortcomings. With proximity as the main tie-break device, rich parents move closer to good schools, thus increasing residential segregation, leaving poor parents with few options. In England, therefore, choice has to a large extent been a chimera.

There is a role for the government in education. The benefits of education for society as a whole, and parents? need for information that might not be in the interests of suppliers to provide, mean there is a case for government involvement in funding and information provision. But this is far from the prescriptive and dominating role the state currently plays.

Transforming the education system into an education market requires more than just the right to choose schools: it requires careful system-wide reform to a change the incentive structure fundamentally. Only

then can we expect a revolution that increases productivity significantly.

Gabriel H. Sahlgren is the Director of Research at The Centre for Market Reform of Education. Incentivising excellence: school choice and education quality was published last week. The author?s policy recommendations for the English education system are given in a discussion paper, available to download from www.cmre.org.uk/publications[4]

blog comments powered by Disqus [6]

Source URL: http://www.adamsmith.org/blog/education/incentivising-excellence-in-education

Links:
[1] http://www.adamsmith.org/blog/education/incentivising-excellence-in-education
[2] http://www.adamsmith.org/authors/gabriel-h-sahlgren
[3] http://www.harriman-house.com/book/view/541/current-affairs/gabriel-h-sahlgren/incentivising-excellence/
[4] http://www.cmre.org.uk/publications
[5] http://disqus.com/?ref_noscript
[6] http://disqus.com