

Market Mechanisms and Stakeholder Behaviour in Education Systems

The use of market mechanisms in the governance of public education has been more widely tested over the recent past and mainstreamed in a few countries, even if still marginal in many. They are sometimes prevalent in early childhood, adult education, and to a lesser extent tertiary education, and they are under consideration in a growing number of countries in compulsory education. The debate about public and private education is often ideological, but contrasting them as dichotomies has become overly simplistic as their boundaries blur; the value of examining controversial developments with evidence, rather than decided by ideology, was shown in the CERI work on trade in higher education.

The activity fits well in CERI with its focus on systemic innovation, as market mechanisms are often considered as engines of innovation. The project will be research-based and put an emphasis on stakeholders' strategies and on the complexity this introduces in systems. It addresses economics of education issues with an understanding of the broad educational challenges. It is complementary to EDPC proposals on the funding, assessment and efficiency of education systems, as well as making some input into coming rounds of the Directorate's international surveys and data collection.

Expected Outcomes

The project will:

1. map developments in the three main areas of market mechanisms (provision, funding, governance) by collecting data and information on the new ways education systems have been financed, provided and governed with an increased emphasis on competition, incentives, and the implications of private parties. It will contrast the use of these mechanisms with alternative modes of governance.
2. Draw on international and national research to analyse the consequences of this shift for efficiency, equity, social cohesion, innovation, and the trade-offs between them.
3. Examine the incentives and behaviours associated with these mechanisms and what has actually happened where they have been recently tried in OECD countries.

The work will cover the creation of quasi-markets through the use of competition (private sector, public school choice or de-zoning, publicised rankings, etc.); funding (educational vouchers, private payments for education, tax credits and deductions, subsidies to private schools); and private provision and governance (home schooling, tutoring, outsourcing, private boards, etc.). It will have a horizontal, multi-sector, lifelong learning approach, focusing on these mechanisms from early childhood, schooling, and higher education through to VET and adult education. It will contribute to understanding what "public" and "private" mean in education and clarify how market mechanisms are embedded in public systems at the micro level.

The first phase will be in 2009-2010, consisting of the proposed mapping (Outcome 1). The second phase (Outcomes 2 and 3) will be carried out in 2011-12 if countries wish to continue then.

Methodology

It will combine desk research (analysis of related country and international research), expert meetings and strong country involvement. It will build a network of experts to gather information and examine these questions at the national level, using a common conceptual framework. If possible, it will use national longitudinal databases to measure the quantitative impact of the introduction of different mechanisms on different educational dimensions (achievement, equity, etc.).

It will also have a qualitative component, seeking to identify how stakeholders have responded to the new incentives created by these market mechanisms; the understanding of how stakeholders have adapted their strategies and their decision-making would contribute to the OECD agenda on the political economy of reform. It could also explain why market mechanisms can have different outcomes in different places.

Country input

Countries will be asked to provide voluntary direct and in-kind contributions for: data collection, identification of national experts, country background report, relevant research, access to national databases, hosting of meetings, national participation in meetings and expert groups.

Country coverage

As many OECD countries as possible, including those (e.g. New Zealand, the Netherlands) which have experience in using these mechanisms for schooling.

Dissemination

There will be a report, a web page, and presentations at seminars as appropriate.