
Educational Entrepreneurship within UK Schools

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Abstract

The aim of this paper is to explain the nature of educational entrepreneurship by synthesising the literature on individual and organisational entrepreneurial behaviour with educational research evidence. This paper, based on survey and case study material in the East Midlands region of the UK, tests two main hypotheses. Firstly, that educational entrepreneurship exists and is a necessary, if not sufficient condition, for successful education quasi-market activity and secondly, that educational innovation is dependent upon educational entrepreneurs initiating and creating the conditions for entrepreneurial activity within their own organisation.

This paper notes that entrepreneurial school principals have a general understanding of market orientation and that they are in a strategic position to effect entrepreneurial activity in their schools and in the broader social and economic community.

1. The creation of quasi-markets

The 1979 general election victory of a radical Conservative government had a significant impact upon the structure and management of all UK public sector organisations. Inherently profitable state industries which produced tangible private goods were privatised but for those public sector services whose product characteristics or welfare implications did not lend themselves to market privatisation the government sought an alternative route, the creation of 'quasi-markets' (Williamson, 1975), perhaps best illustrated in education (Glennerster, 1991) and health (Maynard, 1991).

Quasi-markets are markets for public goods where the State attempts to relinquish, or at worst, to separate, its roles as both funder and

provider of the respective service (Le Grand, 1991). Instead the State primarily remains the funder of the service with each public service buying its resource inputs from a variety of competing services (private, public and voluntary organisations) whilst simultaneously selling its services direct to the final consumer or through an agency acting on behalf of the final consumer. These public sector policy changes were explicitly intended to create market-type conditions where entrepreneurial and innovative behaviour might flourish. Indeed the substitution of monopolistic with competitive service providers reinforced the government rationale of the primacy of the market as a mechanism for allocating resources efficiently (Flynn, 1990). Old style decision making associated with politicians, administrators and professionals operating within a bureaucratic environment would be replaced by the myriad of decisions taken by individual producers and consumers.

In essence, public sector reform has been based upon a decentralised approach in the belief that the efficiency of public sector resource allocation will increase if the functions, powers and resources are handled by agencies at regional or local level (Lane, 1995). UK Government policy was based on neoclassical economic theory that competitive markets exchange information more efficiently, courtesy of the price mechanism, than monopolistic or state owned industries. The research issue is to examine whether the provision of public services conforms to this perspective given its contextual and institutional constraints.

2. Public sector entrepreneurship

Entrepreneurship and entrepreneurial activity is associated in the literature with the private

business sector and the profit motive. Consequently, inadequate research has been conducted into entrepreneurial behaviour within the provision of public services (Ferlie, 1992).

The starting point is to acknowledge Schumpeter's (1934) definition of innovation being new commodities, new markets, new supplies, new technologies or new organisational structures and Drucker's (1985) definition that innovation is a function of entrepreneurship. Innovation therefore is the process that endows existing resources with a new capacity to create wealth and consequently it can be understood as an endogenous strategic variable. Strategy implies that managers can choose between innovation or its alternatives and develop a supporting organisational structure. However the argument posited is that innovation is dependent upon two important conditions. Firstly, innovation's reliance upon individuals exhibiting entrepreneurial behaviour and secondly, by the search and use made of information. Therefore the degree of an organisation's innovation will be partially determined by the degree of entrepreneurial awareness and ability exhibited by individuals who make judgemental decisions about the co-ordination of scarce resources (Casson, 1982) and by the learning ability of the organisation to become entrepreneurial (Penrose, 1959). Quite explicit in this argument is that low levels of entrepreneurship, individually or organisationally, would constrain innovative behaviour.

A supply of entrepreneurial individuals may be a necessary but not a sufficient condition for entrepreneurial behaviour since effective innovative behaviour requires organisationally co-ordinated use of information. Consequently it is the individual and organisational search for and use made of information which links innovation to entrepreneurial behaviour. These two conditions, the levels of entrepreneurial ability and organisational capabilities explain the range of innovation diversity between and within private and public sector organisations.

The structural reform of the UK public sector in the form of a quasi competitive market have introduced information uncertainty

into previously stable exchange relations providing the initial conditions for the development of educational entrepreneurial activity to flourish. Whilst the specific context is different, the entrepreneurial characteristics exhibited in the educational sector display a common element of content but different specifics. In short the characteristics include

1. Arbitrage.
2. The nature of change and uncertainty.
3. Innovation as a departure from routine decision making.
4. Alertness to opportunities.
5. Alertness to organisational slack.

In contrast, the major specific difference is the existence of a general public service ethic, the lack of an ingrained profit motive and the individual and organisational requirements needed to implement educational innovation.

Economic entrepreneurship literature provides an insight into the functions of the entrepreneur but its methodology prevents an explanation of the process of entrepreneurial action. Even those economists critical of the static equilibrium neo-classical paradigm fail to explain how organisations actually implement innovation preferring to rely on the assumption that organisations are comprised of passive, rational members who accept change. This dichotomy between entrepreneurial function and process with the focus on the former has precluded the possibility of the public sector displaying an entrepreneurial process. Instead the public sector is interpreted in terms of market failure.

The commonality of entrepreneurship can be deduced from economic literature. Cantillon's (1755) definition of the entrepreneur concentrated on the role of the individual driven by the desire for profit and possessing the ability to risk buying cheap and selling dear whilst Jean Baptiste Say's definition (1827) noted how the entrepreneur utilised periods of change and uncertainty in reallocating resources to maximize entrepreneurial profit. The creation of education quasi-markets has not only introduced uncertainty into a once regulated

state system, an environment conducive to the emergence of the entrepreneur and entrepreneurial behaviour, but also has emphasised the importance of arbitrage in the provision of value-added services even though educational entrepreneurs are neither the owners of their institution nor are they expected to be profit motivated in their management. Joseph Schumpeter (*ibid*) regarded the entrepreneurial individual as the cause of economies operating in disequilibrium. Schumpeter's entrepreneurs, through their organisation of innovative and unrehearsed combinations of resources were constantly modifying and developing new markets and adjusting organisational structures (although in a frictionless manner) to enhance their production management. Whilst Schumpeter was concerned only with completely unique innovations, Nelson and Winter (1982) and Lazonick (1991) provide a more applicable interpretation of Schumpeter's definition of innovation by interpreting innovation as a break or variation from routine decision making behaviour. Consequently organisations can be classed as one of two types, innovative or adaptive. The former displays change-orientated and new-information-seeking behaviour whilst the latter is content to use existing information, routines and procedures deemed to be reasonably successful. The non-routine managerial behaviour is applicable to any public sector entrepreneur.

The Austrian School, epitomised by Hayek (1945) and Kirzner (1973) noted that individuals are not only capable of changing their minds but also can learn from past experiences. This learning and adjustment process explained the incompatibility of effective central planning and the ever present market opportunities. Consequently individual choice results in continuous waves of disequilibrium within markets with the tendency to equilibrium dependent upon the ability of entrepreneurial individuals sufficiently perceptive to market signals possessing the ability to deliver what is demanded. Defining educational entrepreneurship from an Austrian perspective would include anyone able to spot

and act upon market change and the potential for organisational and public gain.

Harvey Leibenstein (1966) extended the debate relating to the entrepreneur to economic activities within the organisation. Leibenstein suggested that the entrepreneur, through often small incremental change or innovation, would address the issue of 'slack' within their respective organisation or to gain external entrepreneurial growth would use the 'slack' within other firms as an opportunity to enter markets. Unlike Schumpeter, Leibenstein saw the entrepreneur as a less radical change agent, someone who recognised the link between entrepreneurship and management, rather than requiring direct ownership. Leibenstein also highlighted, through his theories of X-inefficiency, the importance of information to the entrepreneur. Whilst the creation of quasi-markets in the UK public sector was based on a political philosophy rather than empirical research (Levacic, 1990), the driving force behind the need for change was broadly believed and accepted to be that the public sector had become expensively ineffective (Chapman, 1978) and wasteful. Clearly opportunities for entrepreneurial activity exist in the education sector with entrepreneurial management searching for the elimination of organisational waste or 'slack' by imitating where possible 'good' business practice and by improving upon the efficiency of their organisation.

The use of information in the innovative process can be used to classify three generic types of entrepreneurial behaviour within the public sector. The first type is the Schumpeterian innovator whose information search provides him or his organisation with a new product or service and first mover advantage. The second type is the reactive Austrian entrepreneur, not innovative in Schumpeterian terms given the use of existing information but alert and sensitive to market information and quick to respond to perceived opportunities. The third type is the Leibenstein entrepreneur who is internally focused and organisationally centred. Here, innovation is characterised by gradual, incremental steps

towards greater efficiency.

Innovation research has indicated (Geroski, 1994) that innovative organisations are more likely to be effective in contrast to the non-innovative. This point is valid with respect to public sector organisations (Boyett and Finlay, 1993, 1994, 1995a,b,c.) since innovative activity offers an organisation greater control over its market environment with benefits accruing to those organisations who innovate successfully, especially in markets where competitive and productive uncertainty abound. Quite clearly the quasi-market is not composed of homogenous units. Hence the speed at which organisations within quasi-markets learn to become entrepreneurial and innovative will vary even within the same service sector. Heterogeneity and asymmetric information imply that certain quasi market units will exhibit randomness of innovative behaviour within educational organisations.

How management in quasi-markets will respond will be dependent upon its perceptions of the value of information search and the organisational use made of information. It will be dependent upon public sector individuals' awareness of anticipated changes in its external environment, by the confidence and ability of its management to innovate and by their organisational capability to co-ordinate and administer within radically different contextual situations. In each case the perceptions of senior management towards innovation will be a necessary if not a sufficient condition underlying the degree of innovative behaviour experienced throughout public sector organisations. It is research into these variables which permit the development of a theory of educational entrepreneurship.

3. Research methodology and results

The quasi market was established principally to encourage innovation and business efficiency but entrepreneurial behaviour is unlikely to be evident if quasi market managers are unable to act entrepreneurially. Earlier research (Boyett and Finlay, 1993, 1995a.) had tested whether the concept of entrepreneurship is relevant to the public sector and what constraints public

sector entrepreneurs had to overcome. In this paper, the aim is to develop an understanding of the processes influencing innovative decision making in schools. The contention is that it is the individual perceptions held by the key strategic decision makers which fashion the outcome of the decision-making process. If the organisation possesses individuals in strategic positions who are aware of the importance and the constraints upon entrepreneurial activity, then such individuals may shape the organisation via its human and capital assets policy in an entrepreneurial direction. The key individual within the school is recognised to be the school principal.

Consequently the research methodology is based upon a survey of school principals' attitudes to innovation measured by their response to a number of questions derived from the innovation literature. From a regional data base of 369 schools held by the School of Management and Finance at the University of Nottingham, 95 regional schools in the East Midlands responded, representing a response rate of 26 per cent.

The survey gauged principals' attitudes towards three key independent innovative variables believed to impact upon organisational performance. The approach adopted, following Naman and Slevin (1993) was to design a survey (Appendix 1) measuring the perceptions of the school principal within primary and secondary schools towards entrepreneurial activity. Consequently a series of questions were designed to measure the principals' perceptions as to how entrepreneurial they believed their school was in relation to the degree of change occurring in their external environment, the school's management style and finally the school's organisational structure.

3.1 Perceptions of Environmental Turbulence

Innovation theory suggests that the more decision makers are sensitive of their external environment, the greater the likelihood of entrepreneurial activity within their respective organisation. Thus perceptions of environmental turbulence can be a recognised source of an organisation's competitive edge for decision

Table 1: Principals' Responses to Environmental Turbulence

Primary schools and environmental change								
	Q.1	Q.2	Q.3	Q.4	Q.5	Q.6	Q.7	Q.8
Av	2.632	3.048	2.55	2.619	3.905	2.714	2.667	2.85
S.D.	1.086	0.653	0.865	1.174	1.065	0.983	0.992	1.195
Secondary schools and environmental change								
	Q.1	Q.2	Q.3	Q.4	Q.5	Q.6	Q.7	Q.8
Ave.	2.97	2.91	2.26	2.64	4.46	2.96	2.52	3.06
S.D.	1.00	0.73	0.90	1.11	0.83	1.10	1.18	1.09

makers who seek innovative solutions for greater control over market uncertainty.

Eight environmental questions were asked. Respectively, these questions related to the speed at which a school changes its educational practices and processes, the rate at which its educational services become obsolete, the predictability of the actions of the school's closest competitors, the predictability of pupil demand and parental tastes, the degree of significance of the changes in education content and context since the 1988 Education Act, the riskiness of the school's external environment, the stressfulness and hostility of the school's environment and, finally, to what degree a school can control and manipulate its environment against the combined weight of political, social and economic forces. The specific wording of each question allowed the perception of environmental turbulence to be rated on a five point Likert scale with 5 reflecting extreme turbulence and 1 reflecting no turbulence.

Amongst secondary school principals, the question with the highest Likert rating was question 5 which asked respondents whether there had or had not been major educational content and contextual changes since the 1988 Education Act. The average score of 4.455 represents perceptions of extreme environmental turbulence. However in total, only two questions, questions 5 and 8, scored over the Likert midpoint whilst all other questions

scored less than the Likert midpoint. Question 3 related the predictable of actions of the school's closest competitors. It produced the lowest average Likert response implying predictability of competitors' actions. The mean value for all the environmental responses was 2.973, marginally higher compared to primary principals who generated a mean value of 2.873.

3.2 Perceptions of entrepreneurial management style

Innovative organisations are adept at introducing new products and processes. Entrepreneurial organisations are capable of responding to perceived changes in their environment which requires not only an awareness of the importance of the external environment but also the possession of organisational capabilities ensuring successful implementation of innovation and change. Two further sets of 7 questions were asked to measure the principals' attitudes to their managerial style and also their organisational structure.

To measure the type of managerial style, whether it was entrepreneurial or not, an index was calculated based on the aggregation of three dimensions of an individual principal. These were a willingness to take business risks, a willingness to be proactive when competing with other organisations and a willingness to innovate.

Table 2: Schools and Entrepreneurial Management Style

	Q.9	Q.10	Q.11	Q.12	Q.13	Q.14	Q.15
Primary schools and entrepreneurial management style							
Ave.	3.19	3.7	3.762	2.421	2.952	2.762	3.095
S.D.	0.663	0.714	0.811	0.990	0.898	0.868	1.119
Secondary schools and entrepreneurial management style							
Ave.	3.273	3.400	3.738	2.421	2.952	2.762	3.095
S.D.	0.794	0.663	0.868	0.990	0.898	0.887	1.019

The 7 questions asked whether the management team had a strong emphasis on innovating new and different educational practices or on tried and tested practices; did the school initiate actions to which other schools then responded to?; is the school often the very first to introduce new educational practices?; does the school adopt a competitive posture?; does the senior management team display a high risk for educational change?; are bold changes due to the environment necessary to meet the school's objectives rather than cautious and incremental behaviour?; finally when confronted with business decision-making uncertainty does the school adopt an aggressive posture to maximise the probability of exploiting potential opportunities or does it adopt a cautious 'wait and see' policy?

Amongst secondary school principals, the question with the highest Likert rating was question 11. This question asked principals whether they were often the first school to introduce new educational practices. A score of 3.738 reflects a high individual component within an overall entrepreneurial management style. Including question 11, five questions scored above the Likert midpoint whilst Questions 12 and 14 were the only question to score less than 3. The responses of the latter two questions indicated that the sample schools did not adopt a competitive posture and preferred to avoid competitive clashes with other schools and that they preferred a style encouraging gradual and incremental behaviour as opposed to discrete, bold change. The mean

value for secondary principals' entrepreneurial management style responses was 3.189, again marginally higher than the mean for primary school principals which was 3.126.

3.3 Perceptions of organisational structure

Organisational literature suggests that entrepreneurial firms are more likely to have an organic rather than a mechanistic organisational structure (Burns and Stalker, 1966; Lawrence and Lorsch, 1961). Consequently the final set of seven questions aimed to assess the principals' perceptions of the degree of their school's organicity. A more organic structure would be reflected by a higher Likert rating whilst a lower the rating would reflect a more mechanistic structure.

The 7 questions asked whether the school philosophy favoured open channels of communication; whether management styles were allowed to range freely from the very formal to the very informal rather than there being an insistence on a uniform managerial style throughout the school; whether there was a tendency to let the expert in a situation have the most say even if this meant temporarily bypassing formal line authority; whether there was a strong emphasis to adapt freely to changing circumstances without too much concern for past practice; whether there was a strong emphasis on allowing staff to get things done even if it meant disregarding formal procedures; whether there was a dependence on informal relationships and or other norms of co-operation to get work completed; finally

Table 3: Schools and Organisational Structure

	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22
Primary Schools and Organisational Structure							
Ave.	4.238	3.952	4.1	3.619	3.429	3.714	3.905
S.D.	0.750	1.045	0.889	0.844	0.849	0.933	0.868
Secondary schools and organisational structure							
Ave.	4.000	3.409	3.214	3.523	2.932	3.273	3.455
S.D.	0.798	0.925	1.053	0.832	1.026	0.800	0.838

whether there was a tendency to let the requirements of the circumstances and the individual's personality define proper on-the-job behaviour.

Amongst secondary school principals, the question which generated the highest Likert rating was question 16. This had asked principals whether their school philosophy favoured open rather than highly structured channels for communication and information purposes. The rating was 4.000. Of the seven questions, all bar one reflected perceptions above the Likert midpoint. The one exception, question 20 which scored 2.932, suggested a marginal emphasis on getting staff to follow the formally laid down procedures. The range varied from 2.932 to 4.00 with a mean value for the organisational structure of 3.4. Primary school principals generated a higher mean value of 3.851. The responses ranged from 3.429 to 4.238 with question 16 generating the highest score and the lowest score being attached to question 20.

4. Data interpretation

Entrepreneurial activity can originate from organisations developing an internal or an external competitive advantage linked to the organisation possessing entrepreneurial individuals capable of exploiting recognised opportunities. Garud and Nayyar (1994) highlight the need for organisations to possess 'transformative capacity' i.e. the ability to maintain an internally developed competitive advantage. The authors note the importance of

both internal and external opportunities but recognise that external opportunities are more likely to be accessible to others thereby reducing the scope for sustainable competitive advantage. Consequently internal opportunities, being less likely to be appropriated by others, are a more likely mechanism for sustainable competitive advantage.

Several consequences can be drawn from the school data. Firstly, the school results indicate that the most important factor for school innovation is the internal organisational structure. The impact of the 1988 Education Act with its devolution of financial management and accountability to the local school has resulted in internal organisation being considered as the focal point of entrepreneurial activity. Innovative schools are generating extra resources through reconfiguring organisational structure. Management philosophy is favouring a more organic rather than a mechanistic structure coupled with flatter and more decentralised management control systems. In the most innovative of schools, the organisation encourages empowerment throughout the school (Boyet and Finlay, 1994). Currently organisational innovation is the area where managerial perceptions indicate the greatest awareness of entrepreneurial activity.

Secondly, the results with respect to environmental turbulence and management style indicate modest rather than low or high entrepreneurial perceptions. This result is not surprising. Traditionally schools have not

regarded other schools in their immediate area as 'close competitors'. Indeed a sense of co-operation and cordial professional relations frequently existed. Additionally centralised government control over the educational curriculum reduces the school's ability to innovate with respect to the educational curriculum. Consequently an outward market orientated management style is constrained by the school's history and government regulation. Nevertheless market orientated entrepreneurial activity does exist but its long-term success is dependent upon other schools being slow to copy known innovative activities. Contextual factors therefore limit the scope for market driven educational innovations. Consequently the scope for entrepreneurial activity and resource generation is reduced and directed to transforming the internal organisation.

Thirdly, the perceptions of secondary and primary school principals are broadly similar regarding environmental turbulence and management style but display significant statistical differences with reference to organisational structure. Here the perceptions of primary principals are greater than the perceptions of secondary school principals. There were statistical differences in five out of the seven organisational structure questions. The most statistically significant question was question 18 which measured whether the school's philosophy was to let the expert in a given situation have the most say in decision making even if this temporarily bypasses formal line authority or whether most decision making emphasis is with the formal line managers. Whilst both school types score above the midpoint, primary schools were statistically different to secondary schools at the 1 per cent level. Innovative secondary schools may be developing more entrepreneurial organisational structures but they do not bypass formal line authority as much as primary schools. It is primary schools who display greater entrepreneurial activity with regard to structure. Contingency factors such as size may explain some of the differences but the ability to implement innovative change does depend upon the school's senior management team to

overcome constraints. The evidence may point to the fact that secondary schools currently are less able to overcome contextual constraints.

Fourthly, the data allows a comparison with the results of Naman and Slevin's original survey of profit seeking firms in one region of the United States. Table 4 displays a summary of the comparative results. The data is transposed into percentages for ease of comparison, the higher the percentage the higher the average entrepreneurial perceptions.

Some tentative conclusions may be drawn from this comparison. One clear implication is that school principals operating under 'quasi market' conditions appear to have broadly similar entrepreneurial perceptions compared to the Chief Executive Officers of high tech. firms operating under turbulent conditions in competitive markets. Entrepreneurial perceptions are not limited to those operating in-profit orientated businesses. Indeed entrepreneurial activity is seen as important in non-profit organisations and therefore such activity cannot be simplistically ascribed to the existence of prevailing market structure. This viewpoint conflicts with the structure-conduct-performance model associated with UK government policy. Instead government policy would do well to understand that entrepreneurial activity can arise in the absence of competitive market conditions. However one important condition is the existence of innovative individuals possessing entrepreneurial and innovative abilities.

5. Mini case study A: Garibaldi School, Mansfield, Nottingham

The Garibaldi School in Mansfield, Nottinghamshire was constructed in the late 1960s to accommodate 1,100 pupils aged 11 to 18 years. It was sited next to a large council estate and within close proximity to a number of coal pits. Over 90 per cent of children within its local catchment area are from working class homes compared to only 4 per cent from professional or clerical backgrounds. Until 1989, the school was managed until his retirement by a head teacher who had been in post for nearly

Table 4: Entrepreneurial Perceptions: Data Comparison (%)

	Environmental Turbulence	Entrepreneurial Managerial Style	Organisational Structure
Naman and Slevin's Sample	49.08	55.63	65.62
Secondary School Sample	49.33	54.72	60.00
Primary School Sample	46.83	53.15	71.28

twenty years. Garibaldi School's perceived image was 'an ugly school'. The pupil role was declining and it was thought to be 'rough'. In 1989 a new head teacher, Bob Salisbury was appointed. 'The only thing I knew about this school before I moved here, was that it had had two serious fires some fifteen years before which had almost completely destroyed one block. The local saying was 'Red sky at night, Garibaldi's alright'.' However Bob was stimulated by '...the chance to take a school that was down at heel and see if you can bring it up quite quickly.'

Utilising the external environment is a feature of entrepreneurial schools. However in Garibaldi's case the environment represented a threat rather than an opportunity. Therefore a deliberate effort to manipulate the school's environment to the school's advantage began.

The need to provide good communication links with the parents was particularly difficult in the early days when parents' evenings would be lucky to draw an audience of thirty people. The newsletters and feature articles negotiated in the local newspaper were the initial tools used to generate interest in the school. However to gain a greater understanding of the perceptions of every other stakeholder in Garibaldi, a questionnaire with just two questions was designed.

1. What do you think of Garibaldi School
2. When you choose a school, what do you look for?

The results were depressing. To question one, Garibaldi did not feature highly in most peoples' perceptions. Question two's responses proved more productive since it allowed the

school to identify about twenty common characteristics of parental/stakeholder choice. From these, Bob Salisbury and his senior management team were able to identify eighteen points over which they felt they had influence. Consequently, the management team developed a mission statement, a three and a five year school plan and strategies for implementation. 'We wrote a marketing plan and we linked that to the school plan for the next 3 years. The marketing plan was really an extraction from the school development plan. In it we put things like: we need to have roadshows in the primary schools; we need to get the primary schools up here doing technology, French and music and joining in our concerts; we need to rationalise our approach to the media - we need to get onto radio, television, and into the educational press. We needed to do something about the appearance of the school, displays in the school; we needed to initiate in-service training about how you talk to parents; we needed to send secretarial staff on training courses to learn how you talk to people.'

Many of the desired improvements to the 'educational package' required resourcing at a level higher than the current budget. 'I don't think we were initially looking for extra finance, but in the back of my mind I hoped for it. I very much believed the way to stop sponsorship dead, was to write a letter to a company saying can you send us some money. So I had to try something else.'

An appointment was made with the management of a Derbyshire theme park, 'The American Adventure'. 'I went to ask them for money, not directly but hoping some mutually beneficial deal would materialise. They said

they were absolutely stony broke!'. The reasoning behind the company's poor performance was related to a lack of ticket sales so Bob Salisbury, with his newly gained marketing expertise, enquired how they marketed their product and how many visitors were attracted from the North Nottingham area. Both responses provided the school with an opportunity. 'I said, "Well why don't you let us market North Nottinghamshire for you, provide us with promotionally priced tickets, we will sell them for you and take a cut of the profit."' The theme park agreed and within the first three months Garibaldi, utilising a cheap advertising arrangement negotiated with their local newspaper, had sold over £17,000 of tickets. Garibaldi's proceeds were used to purchase a school mini bus. However Garibaldi's marketing campaign had proved so successful that it came to the notice of 'Alton Towers', a larger competitor of 'The American Adventure'. The offer was made that, if Garibaldi shifted loyalty from 'The American Adventure' to 'Alton Towers', the school would be provided with a better price reduction on tickets, support for advertising and a better share in the profits. Recognising the school's entrepreneurial activity, the company stated, 'We've seen what you have been doing and we are just saying why not shift allegiance to us, because we are a better company and together we have got a better future.'

Another of Garibaldi's excursions into the world of business involved British Thornton, a scientific and educational equipment manufacturer. 'I said to them, "Where do your customers see your equipment?" and they said, "In our brochure or in Manchester at our factory showroom." I then asked, "Well, how many people come to Manchester and he said none."' Bob Salisbury suggested that the company build showrooms at the school in the form of a modern languages centre, a new science laboratory and a new home economics room. All together forming an East Midlands centre where prospective purchasers could see the various products, not only displayed, but also in use and the Garibaldi staff would be available to discuss products and show visitors

around. Aware of the resource implications to British Thornton, it was also suggested that the school would show its commitment to the partnership by putting up half of the refurbishment costs. 'So that is what we did but I claimed the matching funding required from the Greater Nottingham Training and Enterprise Council (TEC)² for our half so it didn't cost us anything!.' The deal was successful for both parties, British Thornton gained three relatively cheap 'product activity based' showrooms and Garibaldi not only received the improvements to three of their teaching areas but also a 3 per cent commission on any orders generated. There were other benefits to the school. 'When you get a group from another school coming to see the products, they come with all sorts of ideas. They wander around the school saying, "Why didn't you do this?" and you say, "I don't know, good idea, we'll do it."'

With the establishment of the new language centre, TEC involvement was enhanced by a link made with a company called Applied Language Services. The company, administratively based at Garibaldi, provides evening and weekend language courses for business companies utilising school facilities. 'The beauty of the partnership is that it is subsidised through the TEC, it provides much needed revenue, uses our facilities during slack periods and also brings another forty-five or so business people into the school at anyone time. Educationally it is a nice link.' Utilising the growing administrative skills within the school has created the opportunity to provide exhibition space to businesses, particularly where they are aiming at the educational market. One company, Trent Copyfax, have found that using Garibaldi for exhibitions is not only successful in providing a backdrop for their products, but also that the exercise is administratively effortless for the company, with the School's team taking over the exhibition organisation, the arrangement of refreshments, the facilities required and even the marketing of the exhibition to other schools.

All these activities have not only raised revenue but equally if not more importantly raised the self esteem of both staff and students

and consolidated the school's belief in the innovation process. 'The acceleration was quite fascinating to me, how once you started to do something you were winning rapidly.... if you are suddenly in a successful organisation, then everybody feels better about it.'

6. Mini case study B: Crown Hills Community College, Leicester

Crown Hills Community College is a comprehensive secondary school for boys and girls aged 11 - 16 maintained by the Leicestershire Local Education Authority. The school is sited in East Leicester. In 1995 pupil enrolment numbered 985 with 1017 pupils predicted for 1996. In addition to the pupils, there are 500 adult students and over 100 staff including 60 teachers. However in 1991 when the new head, Gary Coleby, was appointed the school role was 800 students and falling.

A feature of Crown Hills' change has been the style of Gary Coleby's leadership. 'I didn't feel that it was right for me to enter the school with an imposed policy and process because there may have been a better route I hadn't thought of and in any case I didn't want to be in the situation where I might have been dragging people along to somewhere they did not want to go.' Consequently the emphasis at Crown Hills was to develop an educational system based upon shared values and to improve the quality of the existing systems rather than fundamentally altering them. 'The real reason is that a head has only got so much time and if you want to be an innovative institution you've got to have the time. You've got to create space and be ruthless. If you're administering all the time you won't have the time to be innovative'. Central to these shared values was openness and the desire to break down barriers and the mystique of management. Consequently the role of the senior management team and the consultative nature of staff decision making was crucial to this process.

Gary Coleby began by changing the remit of his senior management team. Before, it had been a collection of individual members with individual executive tasks, but today it

possesses a collective function to discuss school policy, the needs of the institution, to suggest improvements and to encourage suggestions from other staff. 'In many ways it has become a clearing house for ideas to try and bring things together. The policy development is really quite crucial because I think a lot of heads just operate on a delegated model, top downwards and I think if you do this it is incumbent upon the head to be in control all the time.' This scenario requires the head to monitor the progress of his vice principals and subordinates which discourages the development of trust. 'My job is to make sure things happen and to provide support to make things improve. It's not about control but about making things happen according to the way we've all agreed how they should happen.'

Consequently the College's general aims and objectives were developed through negotiation with parents, staff and students. 'Being in control is not the most important thing because we are all in control.'

Furthermore the senior management body is not a rubber stamp for the head. 'On a number of occasions I have wanted to introduce something and the vice-principals have said, "No". They have fought me back which I consider pretty healthy.'

There has been an emphasis upon improving staff communication, a ten minute morning briefing, staff weekly bulletins and regular staff meetings. However the major emphasis was the encouragement of consultative staff discussion. 'He's been the first to admit mistakes. He's actually gone into the staffroom and admitted mistakes. I've never had a head whose done that before. He's a bit too honest in some ways and his attention span wavers but he would never ask you to do anything he wouldn't do himself and he is always seen. Before, the head would keep you at a distance.'

One of the early but significant actions taken by the head was to initiate a debate amongst the senior management team and all staff as to the college's aims and values. The statement of expressed values would indicate the college's broad educational direction delineating a general path within which room for healthy

disagreement can exist. 'I would be a fool if the staff said they want this and it was different from me but within the value framework. However if it conflicted with the framework then I would have no hesitation in saying, "No, we are not going to do it."' One commonly cited example of staff decision making concerned the shape of the school day. In the past it had been a short morning, a two hour lunch break and a very long afternoon. The consequences included tiredness and friction, afternoon absenteeism and greater teacher stress. The head interviewed all staff members, proposed a review and invited alternative models to be debated. Three models, including the status quo were discussed and voted upon by secret ballot. 95 percent of staff supported the favoured change model of an earlier start, longer mornings, shorter lunch break and shorter afternoon. 'I will not make a decision until I have put it to staff for consultation. Since I have been here I have not made one decision without reference to the staff'.

To suggest that it was the contextual changes introduced by the Local Management of Schools that was responsible for the change process is misleading. 'I think the school could have introduced innovation and change and I would have done so prior to LMS but there was not necessarily the managerial or the financial urgency. Then you were simply just allocated children.'

7. Mini case study C: Knottingley High School, Knottingley, West Yorkshire

Knottingley High School is a mixed comprehensive school of 860 pupils serving the community of Knottingley and Ferrybridge, West Yorkshire. Knottingley was not a failing school, it was a comfortable school but it had become 'shabby'. It had become a 'school that had learnt to make do, a school that had got caught in a time warp. A school that was respected only in the sense that it didn't trouble people much. It didn't trouble people in the community because expectations were so low, it wasn't getting damaged, there weren't any assaults or any drug problems. It was a fairly trouble-free, bumping-along-nicely sort of

school'.

A new head, Paul Edwards, was appointed in April 1995, the youngest head in the authority by eight or nine years. Paul is convinced that more and more school governing bodies are beginning to recognise that the decline of state funding necessitates an entrepreneurial approach to school management in terms of fund raising and in making the school relevant to community needs. Whilst recognition is increasing, the process of implementation is essentially under the head's control. 'The headteacher is the person that creates the cultural environment of the school. That's the main role of a headteacher. Forget the rest as far as I'm concerned. If you don't get the cultural leadership right to begin with, you'll be spinning in circles forever.'

Paul Edwards defines an entrepreneurial organisation in an educational context as 'recognising and seizing the opportunities that innovation can create. Often in many schools or state businesses it's very difficult to innovate from the grass roots. It's very difficult to feel that your ideas are valued. Consequently change and opportunity are limited and inhibited by the very nature of the bureaucratic structures that people are working within. To be entrepreneurial to me is to be entrepreneurial in the way that you organise your whole institution and the way you gear the institution to seize opportunity. That's the message that this school is seeking. That's the real culture change that has to be brought on board and that's being pushed very heavily to colleagues now.'

The instrument for change primarily was organisational supported by a cultural change. The senior managers' perceptions had to be altered first. 'The main difficulty I've had is to convince the school's senior management to abandon the power base that they had and to actually devolve that power to all colleagues.'

When Paul arrived in mid-spring, the school organisation was pyramid shaped with the Head at the top, two deputy heads, two senior teachers and the Strategic Development Group (SDG) which comprised all the senior staff. 'The SDG was the bureaucratic heart of the

school. The SDG managed all the ideas. Any new ideas or developments had to go through the SDG. The head sat on all the committees, all the departmental meetings and in fact operated a veto when he felt the need to apply it as did the deputies and so on. There was a great sense of holding control at the centre, knowing everything that was going on. Nothing could go on without this central group knowing about it and approving it'.

Paul Edwards's views were quite the opposite from the previous management regarding structural and organisational management. 'When I arrived I said "No, I don't want to know about everything that is going on. If I know everything that is going on there's probably not enough that's going on. I want to be surprised." I want to see people being active. I don't want you asking for permission. When you come to me I want you to be asking for resources or have an idea or asking me how I can support your idea. My answer will be that I will support you, let's start working on it together. You go away, you're responsible. You might fail but that's all right as well because something will be learnt from it'.

In line with Paul's views on the need for a flatter managerial structure, at the first meeting of the SDG that he attended, he informed them that the group was redundant. The meeting lasted five minutes. 'I suggested that there was a need for a central group but it was a service group, not a control group. So what we'll do is service the quality within the school.' This included curriculum evaluation, internal review and appraisal and the establishment of a School Research Officer employed to manipulate and produce appropriate types of statistical analysis. Whilst it is still early days a major managerial shift is occurring. 'Their role has changed. They no longer are the blockers of ideas they are now the investigators into quality who now work with departments to improve quality.'

8. Conclusion

For any school to develop a long-term competitive advantage, not only must it adopt an entrepreneurial and innovative strategy

relative to its competitors but also it must be able to develop its organisation specific advantages courtesy of its internal managerial ability.

The survey data of innovative schools and the mini-case studies suggest that entrepreneurial perceptions exist. Indeed the recorded values are around or above the Likert mid-point. Of particular note is the importance attached to the internal organisation. Innovative schools appear to be utilising this area as a source for much of their entrepreneurial activity. Furthermore the survey data suggests that the entrepreneurial characteristics of the sample of innovative schools in one UK region appear similar to the perceptions displayed by Chief Executive Officers in high tech. companies in one region of the United States. In spite of operating under divergent market structures, both samples display innovative behaviour and their interpretation of their external environment, their managerial style and internal organisational structure are broadly comparable. Accordingly, a theory of educational entrepreneurship would predict that innovation may result in a school developing a competitive edge only *if* the organisation has the complementary, internal managerial abilities able to sustain an innovation strategy.

Endnotes

1. Coventry Business School, Coventry University.
2. A central government funded body. One aim is to provide resource input to encourage educational and business partnerships.

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Appendix 1: The School Principal's Questionnaire

Please answer the following questions with reference to your school. Please circle the number in each scale that best approximates the actual conditions facing your organisation (e.g. if you agree more with the left hand statement then the right, score 1, 2 or 3).

ENVIRONMENTAL CHANGE

- | | | |
|--|-------------------|---|
| 1. My school rarely changes its educational practices and processes to keep up with the market and our competitors | 1 - 2 - 3 - 4 - 5 | My school changes its educational practices and processes extremely frequently to keep up with the market and our competitors |
| 2. The rate at which the range of educational services become obsolete is very slow | 1 - 2 - 3 - 4 - 5 | The rate at which the range of our educational services become obsolete is very fast |
| 3. Actions of our closest competitors are quite easy to predict | 1 - 2 - 3 - 4 - 5 | Actions of our closest competitors are unpredictable |
| 4. Pupil demand and parental fairly easy to predict | 1 - 2 - 3 - 4 - 5 | Pupil demand and parental tastes are almost impossible to predict |
| 5. Education content and context have not been subject to very much change since the 1988 Education Reform Act | 1 - 2 - 3 - 4 - 5 | Education content and context have changed in a major way since the 1988 Education Reform Act |

EXTERNAL ENVIRONMENT

- | | | |
|--|-------------------|---|
| 6. Very safe, little threat to the survival and well being of my school | 1 - 2 - 3 - 4 - 5 | Very risky, one false move can mean my school's undoing |
| 7. Rich in educational opportunities | 1 - 2 - 3 - 4 - 5 | Very stressful, exacting, hostile, very hard to keep afloat |
| 8. An environment that my school can control and manipulate to our advantage, with little competition and few hindrances | 1 - 2 - 3 - 4 - 5 | A dominating environment in which my school's initiatives count for very little against the weight of political, social and economic forces |

D Finlay

MANAGEMENT STYLE

In general, my *Senior Management Team* favour

- | | | |
|--|-------------------|---|
| 9 A strong emphasis on maintaining the provision of tried and tested educational practices | 1 - 2 - 3 - 4 - 5 | A strong emphasis on innovating new and different educational practices |
|--|-------------------|---|

In dealing with our closest competing schools, *my school*

- | | | |
|---|-------------------|---|
| 10 Responds to actions which our competitors take | 1 - 2 - 3 - 4 - 5 | Initiates actions to which our competitors then respond |
| 11 Is very seldom the first school to introduce new educational practices | 1 - 2 - 3 - 4 - 5 | Is very often the first school to introduce new educational practices |
| 12 Typically seeks to avoid competitive clashes, preferring a 'live and let live' posture | 1 - 2 - 3 - 4 - 5 | Typically adopts a very competitive posture |

In general, the *Senior Management Team* have

- | | | |
|--|-------------------|--|
| 13 A strong preference for low risk educational change | 1 - 2 - 3 - 4 - 5 | A strong preference for high risk educational change |
|--|-------------------|--|

In general, the *Senior Management Team* believe that

- | | | |
|---|-------------------|---|
| 14 Owing to the nature of the environment, it is best to explore gradually via cautious incremental behaviour | 1 - 2 - 3 - 4 - 5 | Owing to the nature of the environment, bold, wide ranging acts are necessary to achieve the firms objectives |
|---|-------------------|---|

When confronted with business decision making uncertainty, *my school*

- | | | |
|--|-------------------|--|
| 15 Typically adopts a cautious 'wait and see' approach in order to minimise the probability of making costly decisions | 1 - 2 - 3 - 4 - 5 | Typically adopts a bold, aggressive posture in order to maximise the probability of exploiting potential opportunities |
|--|-------------------|--|

ORGANISATIONAL STRUCTURE

In general, the *operating management philosophy* in my school favours

- | | | |
|---|-------------------|--|
| 16 Highly structured channels of communication and restricted access to important financial and operating information | 1 - 2 - 3 - 4 - 5 | Open channels of communication with important financial and operating information flowing quite freely throughout the school |
|---|-------------------|--|

17 A strong insistence on a uniform managerial style throughout the school	1 - 2 - 3 - 4 - 5	Managers' styles are allowed to range freely from the very formal to the very informal
18 A strong emphasis on giving the most say in decision making to formal line managers	1 - 2 - 3 - 4 - 5	A strong tendency to let the expert in a given situation to have the most say in decision making even if this temporarily bypasses formal line authority
19 A strong emphasis on holding fast to tried and tested management principles despite any changes in business conditions	1 - 2 - 3 - 4 - 5	A strong emphasis on adapting freely to changing circumstances without too much concern for past practice
20 A strong emphasis on always getting personnel to follow the formally laid down procedures	1 - 2 - 3 - 4 - 5	A strong emphasis on getting things done even if it means disregarding formal procedures
21 Tight formal control of most operations by means of sophisticated control information systems	1 - 2 - 3 - 4 - 5	Loose, informed control; heavy dependence on informal relationships and norms of co-operation for getting work done
22 A strong emphasis on getting staff to adhere closely to formal job descriptions	1 - 2 - 3 - 4 - 5	A strong tendency to let the requirements of the situation and the individual's personality define proper on-job behaviour
