Chapter 4

Microeconomics of Education and the Effect of Government Intervention: The Role of Classroom 2.0 in Facilitating the UK Government’s Schools Policies

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ABSTRACT

While the concept of Classroom 2.0 has been around for over a decade, the concept of electronic and distance learning as a mode to improve education outcomes has existed ever since the first broadcast of television programs carrying educational content. The governments in the United Kingdom have always sought to intervene in education, whether this has been allowing schools to opt-out of local authority control with grant-maintained schools under Margaret Thatcher, co-operative trusts under Tony Blair, or free schools under David Cameron. Not all government interventions are as successful. Homogenized one-size-fits-all education based on catchment areas such as Comprehensive Schools and state-run projects like the UK e-University have been shown to lack the return on investment of Specialist and Independent Schools and the Open University. This chapter reviews some of the microeconomic models used by governments to intervene in the market for instructional services, including e-participation in education, namely Classroom 2.0. It also looks at some of the possibilities of Classroom 2.0 in education systems that have been affected by UK and respective devolved government’s education policy.

INTRODUCTION

The education market, particularly with regards to schools has been intended to be driven by self-interest, by both parents and education providers. The self-interest of parents, as consumers is in choosing schools that will provide maximum advantage to their children and the self-interest of schools or their senior managers, as producers is in making policy decisions that are based upon ensur-
ing that their institutions thrive, or at least survive in the market (Gewirtz, Ball, & Bowe, 1995). The educational e-participation market as a whole has similarly been driven by self-interest, from that of the shareholders who want a high return on their investment to that of the senior workers who see an increase in profits as a way of furthering their own objectives. Schools could be considered to be part of the educational e-participation market where they use any form of electronic equipment to enhance participation in the learning process (Bishop, 2007). This could include a primary classroom that teaches word-processing using computers, to a high school where lecture-like lessons are delivered using Microsoft Powerpoint presentations (ibid).

BACKGROUND

A number of economic models for regulating education activities are at the disposal of governments. UK Government policies on education have in recent decades been about removing control over education provision from central government. Whether this was the New Labour Government devolving authority to Scotland, Wales and Northern Ireland legislators, or the Coalition Government encouraging the opt-out from local authority control in England, this has been an aspect of education policy in the UK since 1997.

Legal Issues in Market-Based Education

It has been argued that education should go beyond the bricks and mortar of school buildings, including into the home and community venues (Bishop, 2012b). The types of business models to do this are extensive. Some of the more effective models in relation to education, such as those with limited liability are discussed in Table 1.

Other than the charitable incorporated organisations, there are no references to charities in Table 1, but for a very good reason. Charities, including charitable trust can exist alongside or as part of these organisations. Other organisation types, such as companies limited by shares and

<table>
<thead>
<tr>
<th>Company Type</th>
<th>Description</th>
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<tbody>
<tr>
<td>Company Limited by Guarantee</td>
<td>A company limited by guarantee is a type of private limited typically used for not-for-profit organisations that want to fulfill charitable objects but with greater freedoms.</td>
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<tr>
<td>Community Interest Company</td>
<td>A Community Interest Company (CIC) is a limited company, with special additional features, created for the use of people who want to conduct a business or other activity for community benefit, and not purely for private advantage.</td>
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<tr>
<td>Charitable Incorporated Organisation</td>
<td>A charitable incorporated organisation, or CIO, is a new legal form for a charity that is an incorporated form of charity which is not a company as it only has to register with the Charity Commission and not Companies House. A CIO is only created once it is registered by the Commission can enter into contracts in its own right and its trustees will normally have limited or no liability for the debts of the CIO.</td>
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<tr>
<td>Co-operative Trusts</td>
<td>Co-operative Trusts are free-standing education co-operatives with a social mission, owned by their local school communities. The rationale behind this initiative was to use the framework of ‘Co-operative values’ to encourage autonomy for schools, but based on a much closer relationship between schools and their local communities.</td>
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<tr>
<td>Academies</td>
<td>Academies are publicly funded independent schools that are not managed by a local authority. They can set pay and conditions for their staff and also change the length of their terms. Academies do not have to follow the national curriculum.</td>
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Source: UK Government
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