

## Economic Commentary

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# Improving Education: The Role For Business

That the American educational system has severe problems is neither overstatement nor revelation. Statistic after statistic verifies the tremendous declines in performance that continue despite increased school spending and numerous attempts at reform. In addition, school financing is inequitable, denying some students their right to a good education. If we do not implement substantial reforms expeditiously, past failures—coupled with changes in the world economy—will cause the decline of the United States as a social and commercial power.

The effects of a poorly educated populace threaten the nation's well being; therefore, educators, parents and business people must join forces to produce effective reforms. Changes designed to recapture dropouts and retain current students are essential, as is improving the quality of instruction. Equity must be achieved, but it must rely on the equalization of quality—not spending.

### Why Should Business Care?

Business has a substantial stake in the nation's schools. As we enter the 1990s, the U.S. economy is undergoing significant changes—changes that make an educated workforce more important to business. Increasing foreign competition requires U.S. producers to meet international standards of quality and innovation. Services and high technology goods are becoming the cornerstone of the economy. Jobs of the future will demand more skills. Business already is facing higher training expenses.

But, even as jobs of the future demand more skills, skilled workers will be more difficult to find. As baby boomers age, fewer individuals will enter the labor force, and more of them will be minorities. Minority dropout rates are high, especially in Texas. A poorly educated work force will cost business—in training costs, in lost opportunities and in increased social costs.

### Elements of Good Schools

To create a better educated, more competitive work force, the quality of our schools must improve. Increased spending is not the answer. John Chubb of the Brookings Institution, an authority on education reform, finds that quality schools have clear objectives, strong leadership, excellent teachers and autonomy. Clear objectives provide focus and encourage teamwork. Strong leadership puts the focus on excellent teaching. Most essential, good schools have good teachers.

Because needs are diverse, autonomy is the linchpin of excellence. Autonomy gives the power to the school and its teachers. As such, it invites decentralized decisionmaking, a fundamental characteristic of excellent management. With autonomy, clear objectives, strong leadership and excellent teaching are more likely to flourish.

### Making Schools Better

We can take a number of steps to improve our schools. Some will be more difficult than others. First, parents, educators and business must work together to define objectives for schools. Objectives may vary from community to community, but all must provide a strong focus. Only after a school's objectives are set can other steps toward progress be made.

The next steps are more difficult. They require introducing incentives for excellence into the school system. These reforms include merit pay, parental choice of schools and the break up of large school districts. Identifying and rewarding good teachers encourages excellence. Current merit systems generally reward credentials—not good teaching. To improve our schools, we must make merit pay reward good teaching.

Parental choice allows parents to select their child's school. With choice, schools must compete for students. As such, choice introduces market incentives for excellence in education. Those schools not providing a quality education will lose enrollment. Parents will send their children elsewhere.

Large, bureaucratic school districts prevent autonomy and limit choice. Smaller districts promote decentralized decision-making. Educators can solve problems faster, allocate resources better and decrease costs. Teachers can focus on teaching, not on paperwork and politics. In addition, if choice is to be meaningful parents must have options. Large school districts limit choice by their sheer size and uniformity.

### Business and Reform

Business must become more involved in educational reform. Currently, business participates primarily through volunteer programs. These programs are important, but they are not enough. Business must take a more active role in its own and society's future.

Business can participate in many ways. Business can communicate its needs as a future employer to educators. As managers, business can help schools develop objectives and implement decentralized decisionmaking. As citizens, business people can pressure legislatures to enact reform.

Most important, business can demand an excellent education of its employees. High school transcripts show grades and course selections and are better indicators of performance than diplomas. If each business simply requires transcripts for employment, students will be forced to improve their transcripts and get a better education in the process.

I have hope for American education. We can reform and we can compete, but we must act decisively and with vision. Failure in schools precedes the failure of the nation. Therefore, business, parents and educators must work together.

Accept the challenge and make the difference.