

G20 Argentina 2018

Governance of Education and Skills Systems: as prepared by the OECD for the G20 Education Working Group

Governance of education and skills systems

1. Among the many decisions that authorities have to make, those concerning the way responsibilities for education and skills are distributed and managed have a direct impact on teaching and learning. The shift from a front-loaded education system to lifelong learning makes the management of these systems even more complex and represents another challenge in terms of governance. This short paper will discuss some of the policy considerations for governing education and skills systems to help achieve national objectives in school education and broader skills policies.

Education systems are becoming increasingly complex

1. To take full advantage of technological progress, G20 countries need citizens who are empowered by their capacity to learn and to acquire higher and different sets of skills over their lifetime. This can foster their resilience in labour markets exposed to international shocks and help improve well-being. Furthermore, as evidence about school performance and skills levels has become more readily available to a broad range of actors, parents and other stakeholders (such as teachers, students, labour unions, and companies) have become more demanding and more involved in decision-making processes. This increased complexity in governance arrangements, accompanied by institutional autonomy and greater accountability, calls for a more complex approach to governing education and skill systems (Burns and Koster, 2016).

The importance of school governance and autonomy for system performance

2. At the school level, autonomy is often the focus of the governance debate. Since the early 1980's, many school systems, such as those in Australia, Canada, Hong Kong (China), and the United Kingdom, have granted individual schools with greater authority to make decisions about curricula and resource allocation (Cheng and Lee, 2016; Fuchs and Woessmann, 2007; Wang, 2013). The underlying premise is that giving schools and local authorities' greater autonomy will allow them to respond more directly to citizens' needs. However, the impact of school autonomy on student performance is complex and depends on a number of factors.

3. On one hand, top-performing systems tend to score high on the school autonomy index: on average across G20 countries for which data is available, students in schools whose principals reported that more responsibilities lie with either teachers or themselves scored higher in science on the Programme of International Students Assessment (PISA) in 2015. Nevertheless, this association no longer holds true after accounting for the socio-economic profile of students and schools (Figure 1).

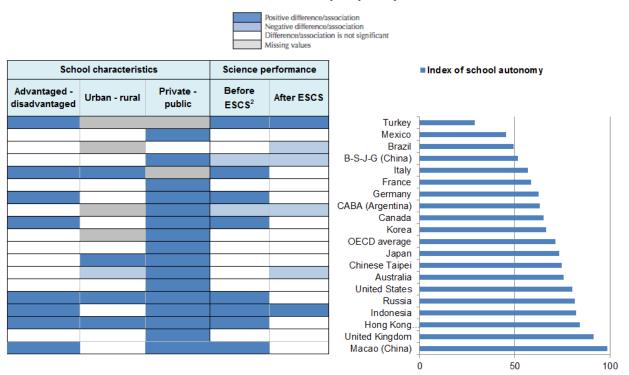


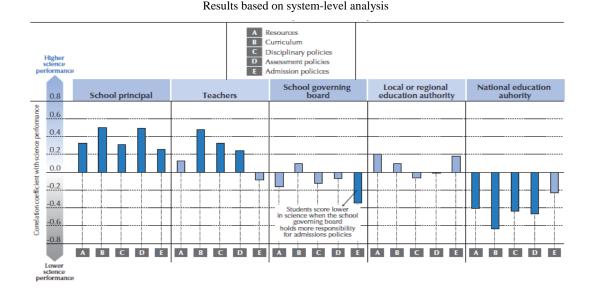
Figure 1. Index of school autonomy, school characteristics and science performance

Results based on school principal's reports

Note: The index of school autonomy is calculated as the percentage of tasks for which the principal, the teachers or the school governing board have considerable responsibility. The socio-economic profile is measured by the PISA index of economic, social and cultural status (ESCS). Countries and economies are ranked in descending order of the index of school autonomy. *Source:* OECD, PISA 2015 Database, Table II.4.5.

4. It can be helpful to explore the impact of school autonomy on student performance and equity more in-depth. This can be done by examining how the five areas of responsibility overseen by principals, teachers, and school governing boards, local/regional education authorities and national education authorities (resources, curriculum, assessment, school admissions and disciplinary policies). With respect to student performance, results from PISA 2015 show that students score higher in science in school systems where principals and, to some extent, teachers have greater autonomy in managing their schools (Figure 2). In terms of equity, PISA results are less conclusive: more autonomy for schools and teachers does not seem positively associated with equity in science performance. In fact, results in science seem more equitable when education authorities have greater responsibility for disciplinary policies (Figure 3).

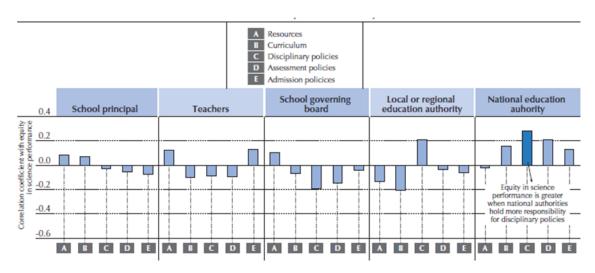
Figure 2. Correlations between the responsibilities for school governance and science performance



Note: The responsibilities for school governance are measured by the share distribution of responsibilities for school governance in Table II.4.2. Results based on 70 education systems. The equity in science performance is 100 - the percentage of the variation in science performance explained by students' socio-economic status. Statistically significant correlation coefficients are shown in a darker tone (see Annex A3). *Source:* OECD, PISA 2015 Database. 1 2 http://dx.doi.org/10.1787/888933435870

Figure 3. Correlations between the responsibilities for school governance and equity in science performance

Results based on system-level analysis



Note: The responsibilities for school governance are measured by the share distribution of responsibilities for school governance in Table II.4.2. Results based on 70 education systems. The equity in science performance is 100 - the percentage of the variation in science performance explained by students' socio-economic status. Statistically significant correlation coefficients are shown in a darker tone (see Annex A3). *Source:* OECD, PISA 2015 Database. 1 2 http://dx.doi.org/10.1787/888933435870

5. While governance arrangements and the level of policy making vary across G20 countries (Figure 4), it is clear that decentralisation does not improve the functioning of education systems unless it is accompanied by effective accountability systems, highly qualified teachers and strong school leaders who can design and implement rigorous internal evaluations and curricula (Hanushek, Link and Woessmann, 2013; OECD, 2011). Attention must also be paid to the connections and interactivity present. This means that a single solution may generate both positive and negative effects in different parts of the system. For example, disclosing information about school performance might have a very different impact on a school that is thriving than on a school that is struggling to attract well-performing students. Thus, it is essential to facilitate and apply the constant feedback required to guide any complex system when designing and implementing reforms.

Central			
France	Central with local		
Italy	Japan	Shared central in agreement with regional	
Turkey	Korea	Australia Mexico Spain	Decentralised Canada Germany United Kingdom United States

Figure 4. An overview of governance arrangements across select G20 countries

Source: OECD (2015a), Education Policy Outlook 2015: Making Reforms Happen, http://dx.doi.org/10.1787/9789264225442-en;

Key elements for steering education systems effectively

6. Although it might be tempting to look for easy, one-size-fits-all policy responses to specific problems, public governance must remain flexible enough to learn from and adapt to specific circumstances. To steer a clear course towards established goals, modern education and skills governance must be able to juggle dynamism and complexity with limited resources, and do so as efficiently as possible (Burns and Köster, $2016_{[1]}$; Burns, Köster and Fuster, $2016_{[2]}$). Given the right conditions, nearly all governance structures – centralised, decentralised, or somewhere in-between, can be successful. In this context, it is more fruitful to focus on processes rather than structures.

7. Effective governance requires finding a balance between accountability and trust; innovation and risk-avoidance, and consensus building and making difficult choices. The OECD has identified five key elements of effective governance processes for modern education and skills systems:

- Focuses on processes, not structures: The number of levels and the power at each level are not what make or break a good system, but rather the strength of the alignment across the system, the involvement of actors and the processes underlying governance and reform.
- Is flexible and able to adapt to change and unexpected events: Strengthening a system's ability to learn from feedback is a fundamental part of this process and is also a necessary step to quality assurance and accountability.
- Works by building capacity, stakeholder involvement and open dialogue: However it is not rudderless. Involvement of more stakeholders only works when there is a strategic vision and a set of processes to harness their ideas and input.

- **Requires a whole-of-system approach**: This means aligning policies, roles and responsibilities to improve efficiency and reduce potential overlap or conflict (e.g. between accountability and trust, or innovation and risk avoidance).
- Harnesses evidence and research to inform policy and reform: A strong knowledge system combines descriptive system data, research findings and expert practitioner knowledge. The key is knowing what to use, when, why and how.

8. The OECD's Strategic Education Governance (SEG) organisational framework (Figure 5) goes further by identifying six domains containing different key areas meant to stimulate reflection and guide strategic decisions of practitioners and policy makers when facing the complexity of education policy and reform.

Accountability	 Enabling local discretion while limiting fragmentation Promoting a culture of learning and improvement
Capacity	 Ensuring capacity for policy-making and implementation Stimulating horizontal capacity building
Knowledge governance	 Collecting quality and rich data for research and decision-making Facilitating access to data and knowledge Promoting a culture of using rich data and knowledge
Stakeholder involvement	 Integrating stakeholder knowledge and perspectives Fostering support, shared responsibility, ownership and trust
Strategic thinking	 Crafting, sharing and consolidating a system vision Adapting to changing contexts and new knowledge Balancing urgencies/short-term priorities with the long- term system vision
Whole-of-system perspective	 Overcoming system inertia Developing synergies within the system and moderating tensions

Figure 5. Strategic Education Governance organisational framework

Source: OECD (2018a), Strategic Education Governance – Organisational Framework, Centre for Educational Research and Innovation (CERI), <u>http://www.oecd.org/education/ceri/strategic-education-governance-organisational-framework.htm</u>, OECD (2017b), Strategic Education Governance: Organisational framework for exploratory work on indicator development, Centre for Educational Research and Innovation (CERI) Governing Board, EDU/CERI/CD(2017)8, Paris.

Policy options

9. Governance arrangements affect policy-making dynamics and incentives for different stakeholders in the system. Policy making therefore needs to be aligned to its governance structure and to take into account the respective responsibilities of different actors (Fazekas and Burns, 2012). Federal systems may look for different options to steer the system, as states or provinces have responsibility for delivering education and therefore require different types of policies or institutional arrangements for their education systems to progress. Because context is key in the process of policy design and implementation, results may vary from one education system to another, and a specific policy from one country might not have similar results in another.

Table 1. Policies targeting governance across selected G20 countries (2008-14)

Comprehensive policies General strategies	Content Education priorities	Targeted policies Reorganisation of decision- making
Canada: Learn Canada 2020 (2008)	Australia: Melbourne Declaration for Educational Goals for Young Australians (2008-18); National education Arrangement (2009)	Germany: Local Learning (2009)
Mexico: Pact for Mexico (2012), Constitutional Reform (2013), Educational reform (2013)	Canada: Ministers agreement that numeracy is a priority (2013)	Mexico : Creation of school councils of social participation (2009)
Turkey: Strategic Plan for Minister of National Education (2010-14); Lifelong Learning Strategy Document and Action Plan (2009-13; 2014-18)	Japan: Basic Plan for the Promotion of Education (2013)	United Kingdom (England): Increase the number of Academies and free schools (2013); (Scotland) Education Scotland (2011)
	United States: ESEA Flexibility Programme (2011)	

Source: OECD (2015a), Education Policy Outlook 2015: Making Reforms Happen, http://dx.doi.org/10.1787/9789264225442-en;

10. Many G20 countries have developed education strategies that aim for general education improvement (Table 1), while others define priorities or goals to guide their education systems towards concrete objectives. A number of countries have introduced targeted policies which aim to reorganise the distribution of roles and responsibilities for more effective delivery of education, either by creating new institutions or developing local level capacity. To do this, a range of policy options are available:

Defining national strategies according to need and setting priorities to guide the system

11. One frequently adopted approach to education policy making is to develop general system-wide strategies based on a concrete analysis, situation or need. General strategies are often the result of changes in political cycles, with the entry of new governments that set new priorities and actions, but can also be endorsed by broader bipartisan coalitions, as illustrated by the reforms undertaken in Mexico (Box 1).

Box 1. Pact for Mexico (2012)

In Mexico, the Federal Government signed the Pact for Mexico (2012), an agreement between the most important political parties and the Federal Government, which was followed by changes to the Constitution and new laws to support implementation. It sets out clear commitments on education, such as increasing education coverage in upper secondary and tertiary education, improving teaching and learning conditions at schools and establishing full-time schools, creating a Teacher professional Service (2013), and promoting system improvement with more transparency and autonomy for the National Institute for Educational Assessment and Evaluation. Building on this reform, Mexico introduced the New Education Model for compulsory education in 2017 after extensive collaboration with key stakeholders. The New Education Model defines Mexico's education goals for the 21st century. It is based upon five pillars, which range from pedagogical methods to the governance of the system, that aim to ensure quality education that prepares children for 21st century challenges.

Source: Gomendio (2017), *Empowering and Enabling Teachers to Improve Equity and Outcomes for All*, International Summit on the Teaching Profession, OECD Publishing, Paris. <u>http://dx.doi.org/10.1787/9789264273238-en</u>, OECD (2018b), Education Policy Outlook: Mexico, <u>www.oecd.org/education/policyoutlook.htm.</u>

^{12.} Key to education policy improvement is to establish a small number of clear, prioritised and measurable goals that can drive the system for all involved (OECD, 2010). Setting clear national expectations in the form of goals, policies, curriculum, standards or accountability mechanisms can guide the system towards higher performance levels. In this respect, Turkey illustrates how countries can govern and steer a system of autonomous schools by establishing clear and transparent plans of an annual or longer nature in a transparent and systematic way (Box 2).

Box 2. Turkey's strategic planning

Turkey has three key documents which steer education: the Strategic Plan for the Ministry of National Education (2015-19), which sets the medium- and long-term education goals; an overall government strategy which includes education, currently established in the Tenth Development Plan (2014-18); and the Lifelong Learning Strategy Paper, which is linked to the European Union's strategy.

By 2023, the Turkish government aims to: a) achieve a society of educated individuals; b) launch the Movement of Enhancing Opportunities and Improving Technology project (FATIH), which aims to equip each classroom with an interactive white board and each student with a tablet computer; c) increase participation rates in pre-school, basic and secondary education to 100%; d) promote the importance of vocational education; e) implement reform of the Council of Higher Education (YÖK); f) increase the number of private universities; g) improve the quality of universities; h) increase the number of academics in universities; i) implement a policy of language learning; j) terminate gender and regional disparities; and k) prepare students for upper education and the future in a more flexible structure

Source: OECD (2013), Education Policy Outlook: Turkey, OECD Publishing, http://www.oecd.org/education/EDUCATION%20POLICY%20OUTLOOK%20TURKEY_EN.pdf

Reorganising policy making and strengthening local capacity

13. The success of reorganising service delivery hinges on education systems having capacity at the ministry level and support at regional and local levels to drive large-scale improvements (OECD, 2010; OECD, 2013a), as well as adequate co-ordination across different levels of the system. To this end, different types of policy options have been introduced across countries:

• **Fostering school autonomy**: With the trend towards decentralisation, there has been a transfer of responsibilities to the local or school level in some countries, such as Indonesia (Box 3).

Box 3. Indonesia

In 2004, Indonesia revised its national curriculum. As part of this reform, the government moved towards greater decentralisation which enabled schools to use the direction set in the national curriculum to prepare their own education plans. The purpose was to enable schools to provide a curriculum that was best suited to the needs of their particular students.

Source: OECD/Asian Development Bank (2015), Education in Indonesia: Rising to the Challenge, OECD Publishing, Paris. <u>http://dx.doi.org/10.1787/9789264230750-en</u>

• **Strengthening local capacity**: Some countries with strong municipal or local engagement in education delivery, such as Germany, have also endeavoured to strengthen capacity for policy making and monitoring at the local level (Box 4).

Box 4. Germany

In Germany, 35 local authorities established educational management structures, including a monitoring system for collecting and analysing data concerning lifelong learning. A national programme, Local Learning (2009), was also implemented with the aim of increasing transparency and efficiency.

Source: OECD (2015a), *Education Policy Outlook 2015: Making Reforms Happen*, http://dx.doi.org/10.1787/9789264225442-en; OECD (2014a), *Education Policy Outlook: Germany*, www.oecd.org/edu/EDUCATION%20POLICY%20OUTLOOK%20GERMANY_EN.pdf.

• Establishing new institutions in charge of school improvement: Some countries have also established organisations or structures to support schools in their improvement efforts, such as in the United Kingdom with Education Scotland initiative (Box 5).

Box 5. United Kingdom (Scotland)

Created in 2011, Education Scotland is an independent agency whose goal is to support quality assurance and improvement in the Scottish education system. Education Scotland operates in the following areas: 1) providing support and resources for learning and teaching; 2) undertaking inspection and review at schools; 3) organising continuing professional development activities for teachers; 4) promoting positive relationships and behaviours in schools; 5) creating online support materials for teachers to support student improvement; 6) implementing Teaching Scotland's Future in collaboration with key partners; and 7) conducting education research.

Source: OECD (2015b), Education Policy Outlook: United Kingdom, www.oecd.org/edu/UKM profile final%20draft EN.pdf.

Using funding to steer education systems

14. Governance and funding approaches can steer education systems towards higher performance, but to be successful, they must be aligned. Understanding how to optimise governance and funding to achieve clear results is particularly important in countries where decision-making is increasingly shared among different stakeholders. With education systems increasingly decentralised to regional or local levels and increased demand for accountability for outcomes, a key challenge for countries is assuring alignment and consistency in governance approaches to guide their entire system towards improving outcomes. The main challenges in funding include lack of transparency and consistency, as well as the need to optimise resources to allocate limited funds where they can make the most difference.

15. Funding reforms have been widespread across countries, with system-level funding changes, targeted institution-level funding to different education levels, or funding approaches focused on students (such as grants or different student-aid mechanisms). The Fund for the Maintenance and Development of Basic Schools and the Valorisation of the Teaching Profession (Brazil) illustrates how funding can be used to

steer the system towards achieving specific targets, such as reducing national inequities (Box 6).

Box 6. Brazil

When Brazil devolved authority from a highly centralised system to states and municipalities in the mid-1990s, it created a Fund for the Maintenance and Development of Basic Schools and the Valorisation of the Teaching Profession (*Fundo para Manutenção e Desenvolvimento do Ensino Fundamental e Valorização do Magistério*, FUNDEF) to reduce the large national inequalities in per-student spending. State and municipal governments were required to transfer a proportion of their tax revenue to FUNDEF, which redistributed it to state and municipal governments that could not meet specified minimum levels of per-student expenditure. FUNDEF has not prevented wealthier regions from increasing their overall spending more rapidly than poorer regions, but it has played a highly redistributive role and increased both the absolute level of spending and the predictability of transfers. There is evidence that FUNDEF has been instrumental in reducing class size, improving the supply and quality of teachers, and expanding enrolment. At the municipal level, data show that the 20% of municipalities receiving the most funds from FUNDEF were able to double per-student expenditure between 1996 and 2002 in real terms.

Source: OECD (2017c), The Funding of School Education: Connecting Resources and Learning, OECD Publishing, Paris. <u>http://dx.doi.org/10.1787/9789264276147-en</u>

Other considerations for effective governance at the school level

16. The governance of education policy can also focus on creating structures, framework conditions and incentives for fostering change at school and classroom levels. A number of strategies have been adopted in this respect including reforms aimed at improving student learning (such as school improvement strategies; the professionalization of school leaderships; modifications to curriculum; or offering different types of support to enhance learning). Comprehensive, as well as targeted evaluation and assessment arrangements are also crucial to improving the governance of education systems. And good partnership with the teaching profession has a tremendous potential to help advance education reforms.

17. Harnessing evidence and research to inform the policy-development process is another important part of governance. A strong knowledge system combines descriptive system data, research findings and expert practitioner knowledge, to understand what to use, when, why and how. Building upon research and evidence to develop policy can help raise issues on the policy agenda to provide the impetus for reform, as well as dispel myths and provide fine-grained analysis on possible consequences of various policy options, to spur a more meaningful policy dialogue with different stakeholders. Some examples of areas where research and evidence can inform policy development include: better awareness of the universality of basic skills; more nuanced discussion of the nexus between education expenditure and results; better understanding of trade-offs in the debate on class size; awareness of the need for reforms to change what happens in the classroom; and, awareness of the need for schools to use multiple types of assessment. 18. It is important to understand the political economy of reform, the trade-offs, and the fact that timelines for education reforms tend to differ from those of political cycles. This can make it hard to keep a long-term perspective and continue aligning reforms and messages when the political context changes. In periods when resources are very limited, it is even more important to make sure that schools can concentrate their efforts on what is most important. At the same time, the administrative leadership needs to think about how alignment, consistency and the long-term perspective can be reconciled with the needs of politicians to gain support for a policy agenda in the short term.

19. Evidence of impact is important, especially in times of greater accountability combined with decentralisation. Thus, policy makers are encouraged to include evaluation of impact from the beginning of policy design. Research shows that there is no single model for success and education systems can achieve results by combining policies and implementation approaches in different ways. In-depth analysis and reflection should go into the planning and implementation activities of policies and reforms. Looking to other countries and their experiences of education policy implementation around the world can provide policy makers with guiding questions, as well as answers. Just as teaching must be evidence-based, policy making should build on the best evidence of what works. And just like teaching, policy making is many ways the science of adapting the knowledge base to local circumstances and opportunities.

Governance considerations for vocational education and training

20. Building on general education, Vocational Education and Training (VET) systems are tasked with developing occupation-specific skills in immediate demand within the labour market. For VET systems to be effective, it is essential that they deliver the skills that employers need at the quality demanded. With the labour market changing quickly in response to technological change, mechanisms need to be in place to ensure VET systems can react appropriately. Effective governance helps to ensure that the right skills, at the right quality, are being provided.

21. Again, decentralisation has been one of the most practical responses, allowing local authorities and institutions a greater degree of freedom to respond to diverse and local demands, promoting private provision, where appropriate, and competition between institutions. In many countries the governance of vocational education in particular involves a complex fabric of agencies, reflecting a division of responsibilities between different ministries, the relative autonomy of institutions and the separate roles of private training providers, employers, trade unions and other social partners.

22. Such decentralised governance has advantages in terms of diversity and innovation, as well as being able to adapt the policy to local needs. At the same time, however, it can lead to risks in terms of excessive variation in practise in between regions within a country, duplication of tasks such as curriculum design, and complicate transitions between institutions. Ministries of education and labour, as well as state agencies, must remain responsible for ensuring high quality and equitable education and training.

23. As part of an ongoing project, the OECD is analysing and defining what carefully crafted and effective governance mechanisms in VET looks like. This includes how to engage stakeholders into the system at the different levels and how to ensure cooperation and synergy instead of overlapping or overburdening of responsibilities at national, regional and local level of system governance. Results from this work will be available in early 2019.

Governance considerations for higher education

24. The scope and significance of higher education has changed dramatically over recent decades. Governments have ambitious goals for higher education, viewing it as a means to foster inclusive growth through its capacity to create a highly skilled workforce and undertake research that underpins a knowledge-based economy. They also see higher education as a principal instrument for fostering social cohesion by widely dispersing the benefits of economic growth.

25. Higher education has expanded and, on average, 49% of today's young people in OECD countries are expected to graduate from tertiary education at least once in their lifetime (OECD, 2017). Higher education systems have also become increasingly diverse in terms of the types of institutions, the students and the range of knowledge and skills they provide. This has created new challenges for governments seeking to ensure that the outcomes of higher education are linked to broader public objectives. Many governments have responded by making far-reaching changes to the ways in which higher education is governed.

26. Higher education governance encompasses the structures, relationships and processes through which, at both national and institutional levels, policies for higher education are developed, implemented and reviewed. It is therefore a complex web of legislative frameworks, the characteristics of institutions and how they relate to the whole system, how money is allocated to institutions, and how they are accountable for the way it is spent. It also relates to less formal relationships and structures which steer and influence behaviour.

27. Higher education governance therefore deals with how authority is distributed between the state power, institutional autonomy, and market forces, and the relationship between higher education institutions and government, business and communities as well as internal stakeholder groups. These three mechanisms for governance – state, institutional and market – are present in all higher education systems to a different extent.

- State: Provincial/state and national arrangements (and supra-national arrangements, such as the European Union) for governing the higher education system include setting goals and strategic aims, systemic coordination and the regulation of the higher education sector. In some systems, the state steers higher education institutions through policy levers, such as regulation; resource allocation; and the provision of information, to encourage institutions to adhere to national priorities and objectives. In some countries, government directly steers higher education through its ministries. In others, independent agencies and other quasi-autonomous non-governmental organisations, which are funded by government, steer the system. The extent of government involvement in steering higher education varies across countries and depends on many factors, including political and socio-economic conditions, historical path-dependencies between higher education and the state, the degree of decentralisation and autonomy, and the role of the private sector in planning and financing higher education.
- **Institutional:** Internal arrangements within higher education institutions determine their values, mission and purposes, their systems of decision-making and resource allocation, the patterns of authority and hierarchy. Decision-making bodies may comprise staff (academic and other staff), students and external representatives (such as employers).
- Market: Market mechanisms play a role in influencing higher education systems which engage in market relationships. In these environments, higher education

institutions are able to compete for students, staff, research income, and so on. Students (consumers) are given the freedom to choose a provider and product, and providers are given the freedom to enter the market, choose the products to deliver and set their price. Price can influence choice and adequate information on prices and quality is a key factor in systems with market-type mechanisms.

The importance of autonomy and accountability in higher education

28. In the 20th century in most G20 countries, governments exercised considerable control and influence over the higher education sector in pursuit of objectives such as economic growth and social equity. But many governments today accept that the central planning approach to higher education is often inefficient, and that a thriving society and economy require institutions to operate with some degree of independence.

29. Higher education also tends to be less financially dependent on the state than other levels of education. In comparison to other education sectors, higher education receives the largest proportion of funds from private sources, such as households and private enterprises: around 41% on average for G20 countries¹ (OECD, 2017a).

30. Higher education institutions are therefore becoming increasingly autonomous and free to manage their own affairs without interference from the state. Higher education institutions in many G20 countries have few restrictions on the internal allocation of funds from block grants; and many can borrow money, keep surpluses, own their own buildings and set tuition fees. However the levels of autonomy differ across countries and between sub-sectors of higher education, and even between institutions in the same country.

31. The levels of staffing, academic and organisational autonomy has also been increasing, with universities often free to set recruitment and promotion procedures for staff, establish salary scales, decide on the number of students to admit, set admission procedures, create and terminate programmes, design its content, choose the language of instruction, and broadly define its governance, management and academic structures and statutes.

32. In addition, market mechanisms are increasingly used to regulate supply and demand for diverse forms of learning delivered to diverse students. In many countries, constraints around the number of places in higher education and programmes delivered by higher education institutions have been lifted. Students are increasingly free to choose which institution to attend. Demand-driven systems strengthen market mechanisms and, as a result, students and their families behave more as consumers, making more demands on higher education institutions.

33. To counterbalance these approaches, monitoring and evaluation have become important elements of governance frameworks, along with the practice of involving a wider range of social and economic actors in decision-making processes. These accountability mechanisms attempt to ensure that higher education is of high quality and relevant to its users. This has resulted in the creation of supervisory or advisory bodies which play an increasingly important role in strategic planning, budget allocation and

¹ The average was calculated based on the data available for 14 countries: Australia, Argentina, Canada, France, Germany, Indonesia, Italy, Korea, Japan, Mexico, Russia, Turkey, the United Kingdom and the United States.

recruiting and overseeing the work of university leaders. Many countries have also created national agencies for the assessment and accreditation of institutions and programmes. Within Europe, national accreditation frameworks have also been shaped by the Standards and Guidelines for Quality Assurance in the European Higher Education Area.

34. The OECD benchmarking higher education system performance project is looking at how well higher education systems perform in education, research and engagement with the wider world. It will consider the governance of the higher education systems and how this may affect their performance. The results of this work will be published in 2019. The second round of the benchmarking project will start in 2019.

Conclusions

35. To be effective, governance policies related to initial education and life-long learning need to be complemented by broader actions including, for instance, the removal of obstacles to labour market entry of under-represented groups, a change in those labour market regulations that favour job types with poor training provision, and the removal of disincentives built into the tax-benefit system.

36. Given the right conditions, nearly all governance structures –centralised, decentralised, or somewhere in-between, can be successful. Building on strong governance and the G20 Skills Strategy, countries should consider their specific contexts and challenges, but could bear in mind the policy principles put forward in this paper:

- Focus on processes, not structures
- Be flexible and able to adapt to change and unexpected events
- Work through building capacity, stakeholder involvement and open dialogue
- Use a whole-of-system approach
- Harnesses evidence and research to inform policy and reform
- Keep a long-term perspective and align reforms when political contexts change
- Built transparent evaluation of impact into policy design

37. These policy principles can help strengthen the governance of education and skills systems so that better economic, social and individual outcomes can be achieved.

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