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Centre for Market and Public Organisation
Bristol Institute of Public Affairs
University of Bristol
2 Priory Road
Bristol BS8 1TX
<http://www.bristol.ac.uk/cmipo/>

Tel: (0117) 33 10799

Fax: (0117) 33 10705

E-mail: cmipo-office@bristol.ac.uk

Exit, Voice and Quality in the English Education Sector

Deborah Wilson

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Deborah Wilson

CMPO, University of Bristol

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Abstract

The use of choice as a mechanism to improve public service delivery is now well established in the UK. Current policy discourse additionally considers voice as a further, complementary, user-driven mechanism. In this paper I scrutinise the assumption that choice (exit) and voice complement each other in creating user-driven incentives to increase quality for all consumers in the context of education. I do this by going back to Hirschman's (1970) thesis, focussing in particular on the definitions of quality put forward by him. I apply his analysis to the English education sector and show that, while the current policy discourse evokes the language of Hirschman, it doesn't follow through on the actual implications of his analysis. In particular, I argue that in the current system, choice and voice may complement each other for only a subset of consumers.

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Address for Correspondence

CMPO, Bristol Institute of Public Affairs
University of Bristol
2 Priory Road
Bristol
BS8 1TX
D.Wilson@bristol.ac.uk
www.bristol.ac.uk/cmipo/

Introduction

The use of choice as a mechanism to improve public service delivery is now well established in the UK. Current policy discourse additionally considers voice as a further, user-driven mechanism. Moreover, choice and voice are considered to be complementary, as these quotes from a recent Prime Minister's Strategy Unit discussion paper illustrate: "Choice and voice should complement each other." "Bottom-up pressure through choice and voice can ... give everyone, including the disadvantaged, better quality services" (PMSU 2006, page 10). This discourse about choice and voice working together to improve quality can be traced back to Hirschman (1970), who argues that exit (choice) and voice are two consumer responses to deterioration in the quality of a firm's product or service¹. These provide signals to the firm, which responds by improving quality, thereby creating a self-correcting mechanism via which quality standards are maintained. Hirschman argues that different combinations of exit and/or voice are suitable in different settings, depending on which signal(s) the firm is most responsive to.

Bottom-up pressure is just one of four elements of the UK government framework for improving quality in public service delivery (PMSU 2006). The model of public service reform also incorporates top-down performance management, competition/contestability, and increasing the capability and capacity of public servants. It is recognised that this general model needs to be tailored to each service; in particular "The appropriate mix of top-down pressure, competition and bottom-up choice and voice will therefore vary from case to case" (PMSU 2006, page 11).

The current English education system provides one clear example of these different elements in operation². Parental choice is emphasised as a key driver to improve quality, with parents also encouraged to make their voices heard (via parent councils and parent governorships, for example). Parental choice is informed by school performance tables and Ofsted reports, which form part of the 'top-down' performance management regime in which schools have targets based on published student outcomes. Schools in England compete for pupils in order to maintain numbers and therefore levels of funding, and new entry into the market – by Academies, for example – is being encouraged. The government's commitment to improving the capability and capacity of the education sector workforce can be illustrated by the formation of the Training and Development Agency for Schools (TDA) in September 2005³. The aim is for all these elements to combine to create a "self-improving system", providing high quality education for all pupils.

In this paper I investigate one aspect of this general reform programme in the context of education. Specifically, I scrutinise the assumption that choice (exit) and voice do

¹ In this paper I use the terms exit and choice interchangeably, as does most of the literature. I think there are interesting issues regarding whether it is actually exit or entry that is driving choice, but save this for future work (see, however, Teske et al (1993)). Also in this paper I do not emphasise the consequences of considering different types of exit or voice (Dowding and John (2008), nor do I address the 'consumer versus citizen' debate as recently discussed by Greener (2007)).

² The systems are different in each of the countries of the UK; here I focus only on England.

³ The TDA was formed from the merger of the Teacher Training Agency and the National Remodelling Team; more details at www.tda.gov.uk.

complement each other in creating user-driven incentives to increase quality of education provision for all. I do this by going back to Hirschman's original thesis, focussing in particular on the implications of the definitions of 'quality' put forward by him. I apply his analysis to the English education context and show that, while the current policy discourse evokes the language of Hirschman, it doesn't follow through on the actual implications of his analysis. In particular, I argue that in the current system, choice and voice may complement each other for only a subset of consumers.

Hirschman's exit, voice, loyalty and quality

Hirschman (1970) argues that a process of decline in the quality of a firm's output (for whatever reason) activates certain consumer responses which in turn act as endogenous forces of recovery, thereby reversing the initial decline in quality. This is a self-correction mechanism, whereby the very process of decline activates certain counterforces and hence generates its own cure. He distinguishes two contrasting consumer responses – exit and voice. Exit is “the sort of mechanism economics thrives on” (ibid page 15). It is neat, impersonal and indirect: subsequent recovery by the firm comes via the market. Voice, by contrast, is more “messy”, more personal and more direct, and can cover anything from personal complaint to collective action. Hirschman's particular interest is how, and under what circumstances, exit and voice may combine to best rectify or reverse a (relative or absolute) decline in quality of a firm's product or service:

.... “how a typical market mechanism and a typical non-market, political mechanism work side by side, possibly in harmony and mutual support, possibly also in such a fashion that one gets into the other's way and undercuts its effectiveness” (Hirschman 1970, page 18).

To be effective, he argues, the signal used – exit or voice – should correspond with that to which the organisation is responsive, which in turn depends on the particular service/product and/or organisation being considered⁴. He identifies a particular problem, however: that over-emphasis on less costly exit may reduce investment in (may 'atrophy') voice, even in circumstances when voice may be the most effective mechanism for improving quality. This is because those consumers who care most about quality – and who would be the most active agents of voice – are for that very reason those most likely to exit first when faced with a decline in that quality. If the firm is more responsive to voice, this will make the self-correction mechanism less effective at restoring levels of quality. Hirschman recognises a tension between exit and voice: consumers' willingness to develop and use the voice mechanism is reduced by exit, but the presence of an exit option increases the effectiveness of voice.

One way in which exit, particularly by quality-sensitive consumers, may be delayed is through what Hirschman calls loyalty: “The importance of loyalty ... is that it can neutralize within certain limits the tendency of the most quality-conscious customers or members to be the first to exit” (page 79). Loyalty is psychological, not behavioural (Dowding et al 2000), and can be understood in terms of a generalised

⁴ I shall argue later that the responsiveness of the organisation to different signals depends at least partly on the incentives created by the top-down system within which the organisation operates (Paul 1992).

barrier to exit which may be directly imposed or internally generated. Hirschman argues that staying within a declining organisation may in fact be rational if, by exiting, the quality of the organisation further declines, and the consumer cares about the quality of the organisation even after s/he's left it⁵. This in turn implies s/he does not fully exit ("voice from within" compared to "voice from without"). Hirschman introduces the term "quality maker" to describe that situation where a consumer's exit causes quality to further decline, a term to which I shall refer in my application of his analysis to the education context⁶.

Hirschman (1970) identifies two scenarios with regard to quality. The majority of his analysis draws on the assumption that a change in quality is felt in the same direction by all consumers: individuals may be differentially sensitive to such a change, but all agree that it is either a decline or an improvement. In the analysis that follows, I will additionally use the term 'uni-dimensional' quality to describe this scenario: quality can improve or decline only along one dimension, and, as with Hirschman, individuals all agree on the direction of change along that dimension. Hirschman more briefly considers the case when a change in quality is felt in different directions by different consumers: individuals may disagree on whether an increase in the level of a particular service is a good or a bad thing depending on their political affiliations, for example. I introduce the term 'multi-dimensional' quality to describe this scenario, where the preferences of consumers differ across alternative dimensions and hence they may disagree whether changes along any one dimension represent a decline or improvement in quality. Hirschman's quality distinction parallels that between vertical and horizontal product differentiation in the economics literature (Gaynor 2006). With vertical product differentiation ('product quality'), all consumers have the same preferences and so agree that some products are better than others. With horizontal product differentiation ('product variety'), consumers can have differing preferences and thus some may like one product while others prefer another. In the analysis that follows I will use these terms interchangeably. Crucially, Hirschman shows that the operation of exit and/or voice yields different outcomes depending on which concept of quality is relevant. I briefly describe the relevant features of the English education sector before applying Hirschman's concepts of quality to that context and investigating the resultant predicted outcomes.

The English education sector

Parental choice of school has been a feature of the English education system since 1989. This is 'generalised but differential' choice (Burgess et al 2007): all parents express a choice of the preferred school for their child, but the extent to which that preference is realised varies across the country (see Burgess et al (2006) for a quantitative analysis of the outcomes of the current system). The choices – or preferences – are informed by in-depth Ofsted reports on individual schools, plus annually published school performance (league) tables. Until 2002 the published performance measures provided summary information on raw test scores – the

⁵ François (2000; 2001) analyses the effects of individuals placing a value on the quality of service provided even though they do not directly receive personal benefit. His focus is on how such 'care' impacts on employee motivation in the provision of public services.

⁶ The concepts of quality maker and taker parallel those of price maker and taker with regard to (im)perfect competition.

proportion of pupils gaining at least five ‘good’ GCSE passes, for example. Currently these raw outcome measures are still published, but now along with information on the ‘contextual value added’ (CVA) provided by the school (Wilson and Piebalga 2008). CVA aims to provide a better measure of the actual impact of the school on pupil progress, i.e. its effectiveness, by accounting for factors that are known to impact on pupil attainment but which are outside the school’s control. The aim is that parental choice acts as a driver for schools to improve ‘quality’; I return to what that means below.

Alongside choice, parents are encouraged to exercise voice in the education system in a number of ways. At an individual level via the personalisation of the curriculum agenda (PMSU 2006; Strategy Unit 2008) as well as getting involved in the running of the school through becoming a parent governor or a member of the Parents Teachers Association (PTA). Parents are also able to make complaints about the education their child is receiving, although in practice it may be difficult for parents to do this (Vincent and Martin 2002)⁷. There are also options for collective voice in this system, through parent councils, for example, as well as parents acting together to get a new school built, or trying to stop an existing school being closed.

I distinguish three key players or agents in this education ‘market’. First are the parents, who are the ‘consumers’ of education, able to show their concern about quality by exercising choice and/or voice⁸. Second are the schools, which need to be responsive to such signals in order that quality improves. Finally, the government is responsible for the top-down system of performance management, which creates particular incentives for schools via, for example, the targets they face, and within which the system of parental choice operates (Wilson et al 2006).

So what is ‘quality’ in this context? As Le Grand (2007) discusses, there are many possible meanings of quality in the context of public services. He distinguishes four alternative means by which quality can be defined: inputs; process; outputs; outcomes. While “raising the overall quality of a school system is perhaps the principal objective of any such educational policy” (ibid, page 64), in practice most empirical attention is usually focused on measuring quality through educational inputs, and/or on one interpretation of outcomes: the standards of achievement as measured by test results. This outcomes interpretation of quality links to the definitions of quality I employ in this paper, informed by the distinctions made by Hirschman. Specifically, I distinguish quality as effectiveness, or ‘value added’, from quality as the basis for parental choice.

First, quality as effectiveness, or ‘value added’. I argue that this is closest to the government aim of improving actual school performance – the impact schools have on the progress of all their pupils. I also argue that this corresponds to Hirschman’s notion of a change in quality being felt in the same direction by all consumers (what I call uni-dimensional quality), i.e. that all consumers see an increase in school

⁷ Many parents of course voice their dissatisfaction when they appeal against their child not getting a place at their preferred school, which illustrates one of the interesting dynamic processes between choice and voice (Dowding et al 2000; Dowding and John 2008).

⁸ I acknowledge that children are also part of the decision-making process regarding choice of preferred school, but abstract from the issues around the family dynamics of such processes for the purpose of this analysis.

effectiveness as an improvement. As Le Grand (2007) states, however, the emphasis has not been on value added performance measures; rather it has been on outcomes as measured by test results and proxied, for example, by the 5AC performance measure. This is still the basis for the headline figures in league tables; the key measures of 'quality' used both in the top-down performance management regime and to inform bottom-up parental choice. How does this link with Hirschman's analysis? Any measure of raw output includes information on the pupils as well as on the school performance; on its composition as well as its effectiveness. In other words such measures include the pupil as an input as well as an output to the education production process: for example, high ability pupils will produce high scores on raw output measures, all other things being equal. This links directly to Hirschman's concept of a quality maker.

Second, quality as the basis for parental choice. While academic standards are important to parents (West and Pennell 1999; Coldron and Boulton 1991), there is evidence to suggest that parents do not choose their preferred school solely on the basis of league table information (test scores or value added). Rothstein (2004), for example, finds that school effectiveness is not a primary determinant of parental decisions⁹, while Reay and Lucey (2003) find that it is how similar children perform at a school that matter more than overall school averages. Butler and Robson's (2003) study shows that performance tables are not the sole arbiter of the parental choice decision, and that the ethos of the school also matters. Ball et al (1995) similarly discuss the importance of the 'expressive order' of a school. School composition is a further dimension that matters to parents, possibly in different ways. Ball and Vincent (1998) argue that many parents feel strongly that it is important to keep their child with children from the same social and/or ethnic group, while Jellison Holme's (2002) US study suggests that the most coveted schools for privileged parents are those without low-income or minority ethnic students. Several studies show how parental preferences vary by income, ethnicity and/or socio-economic background (see, for example, Hastings et al (2005); Gerwitz et al (1995); Weekes-Bernard (2007)). It is sometimes not clear whether a parent's stated preference represents choice or constraint (Reay and Lucey 2003); the importance of the location of the school provides one example of this. The key point from this for the current analysis is that parents have different preferences across the various aspects of school quality, which means that individuals may disagree whether changes in specific dimensions of this quality is a good or a bad thing. This links with my multi-dimensional concept of quality.

Applying Hirschman's concepts of quality to the education context

(a) A change in quality is felt in the same direction by all: uni-dimensional quality

The assumption that a change in quality is felt in the same direction by all consumers underlies much of Hirschman's analysis. In this case, consumers agree on whether a change is an improvement or a decline in quality, but they may be differentially sensitive to such change. If quality declines, exit and voice are complementary in the

⁹ Rothstein analyses parental residential location decisions as part of a system of Tiebout choice in the US.

sense that they both work to improve quality, as long as the signal used is that to which the organisation is responsive. There are spillovers or externalities between alert and inalert consumers: the latter benefit from the quality improvement brought about by the exit or voice of the former precisely because they all see it as an improvement.

These results have parallels with the theoretical predictions from the economics literature on vertical product differentiation when prices are regulated (Gaynor 2006). If prices are regulated, firms compete for consumers on non-price dimensions. Under the assumption of vertical product differentiation, competition unambiguously increases quality, although not necessarily to the social welfare maximising level. If voice works in the same direction as exit, the introduction of voice should not alter this broad finding: an increase in exit and/or voice leads to an increase in 'product quality' if prices are regulated.

As discussed above, however, the presence of exit may reduce investment in voice: exit may atrophy voice. The most quality-sensitive, and therefore the potentially most vocal, are likely to be the first to exit, leaving behind less vocal consumers. This is a problem if the organisation is more responsive to voice, as the signal it needs to improve quality will be weaker and the self-correction mechanism therefore less effective.

So if a quality change is felt in the same direction by all consumers, Hirschman argues that exit and voice are complementary and there are spillovers between alert and inalert consumers, but there is the potential for over-emphasis on exit even when the firm is more responsive to voice, which may prevent or delay recovery.

Application to the English education sector

Consider quality as school effectiveness, or value added, an improvement in which, I argue, is felt as such by all consumers¹⁰. In this case, the Hirschman thesis suggests that exit and voice will indeed be complementary; that both these user-driven mechanisms will work together to provide signals to the schools to improve their effectiveness. The actions of the alert will cause spillovers for the inalert consumers, as all benefit from the agreed-upon improvement. This sounds very much like the "rising tide that raises all boats" scenario of Hoxby (2003), which reflects the result from the economics literature that 'product quality' increases with competition.

But what about the problem of exit atrophying voice? Hirschman argues that the possibility of exit reduces investment in voice, and that the most vocal exit first which leaves less scope for effective voice. This is not a problem, however, if schools are more responsive to the exit signal than to voice. The degree of responsiveness of schools to different user signals is determined by the incentives they face, i.e. by the design of the performance management regime within which choice and voice operate (Paul 1992). There is therefore a fundamental link between the bottom-up and top-down elements of the system. The current system in England, in which school funding relies directly on pupil numbers, is one in which school incentives are based more on

¹⁰ Consumers may not all feel this improvement to the same degree: the evidence suggests that schools exhibit differential effectiveness across the ability distribution, for example (Wilson and Piebalga 2008; Thomas 2001; Goldstein and Thomas 1996).

choice than on voice, so atrophy should not be a problem: the top-down performance management system creates the incentive for schools to respond to the choice signal. One implication of this, however, is that if policy makers are attempting to introduce more options for voice as an additional user-driven mechanism alongside choice, they need to also create the incentives for schools to respond to that signal, and to respond by improving their effectiveness¹¹.

So if all the key players are (only) interested in quality as value added or effectiveness, the Hirschman analysis concurs with current policy discourse in predicting that choice and voice should complement one another in improving quality for all. The design of the performance management system is central to the relative degree of responsiveness of schools to the two signals.

(b) A change in quality is felt in different directions by different consumers: quality is 'multi-dimensional'.

The evidence suggests, however, that parents are not only interested in the measures of school performance that are published in league tables (value added or raw test scores). Parents take account of a much broader, more multi-dimensional view of quality when choosing the preferred school(s) for their children. Moreover, different aspects of the school environment matter to varying degrees across parents. Again, we turn to Hirschman and then apply his analysis to the education context.

Hirschman considers the case when a change in quality is not appreciated as such by all consumers, i.e. when consumers have a differential appreciation of the same quality change. He gives the example of different political affiliations leading to differing views regarding changes in local government spending. I argue that we can similarly think in terms of quality being multi-dimensional: a change in quality along one dimension may be appreciated by some but not by others. In such a scenario, Hirschman argues, organisations have the possibility of changing quality in such a way as to please some while displeasing others. Which route will they take? To whom will they respond?

It proves useful to first consider the predictions from the theoretical economics literature. The relevant scenario is still one of regulated prices, but now with horizontal product differentiation ('product variety'). In a recent review of this area, however, Gaynor (2006) does not consider this scenario. He focuses solely on vertical product differentiation because "it is well known that firms will pursue minimal product variety in the absence of price competition" (page 9). This result comes originally from Hotelling (1929) who showed that, under certain conditions, it is rational for firms to make their products as similar as possible. In particular this result depends on the assumption of zero elasticity of demand for the firms' products along the linear market. Under this assumption consumers will continue to buy the product from their nearest firm, regardless of how near it is. The incentive for the two profit maximising firms is therefore to locate at the centre, i.e. produce the same product, and thus capture half the market.

¹¹ There is a large literature on how public service providers may respond to signals, and targets more generally, in unintended and potentially undesirable ways (see, for example, Smith 1995; Propper and Wilson 2003).

As Hirschman (1970) points out, however, horizontal product differentiation with regulated prices is a common empirical reality¹². One explanation may come from relaxing the assumption that demand is inelastic. If demand is elastic each firm would lose customers at its own end of the market as it moved towards the centre and this provides the incentive for firms to maintain some degree of product differentiation (to stay away from the centre). An alternative explanation offered by Hirschman involves voice. As he states (1970, page 70, italics in original): “inelastic demand at the extremes of the linear market can spell considerable influence *via voice*”. Firms faced with both exit and voice signals may need to trade off profit maximisation with discontent minimisation, which may provide an incentive not to cluster at the centre of the linear market.

There are no specific predictions, however, arising from the Hirschman analysis regarding the outcomes with horizontal product differentiation and regulated prices in the presence of both exit and voice. Rather, Hirschman discusses in general terms the ‘quality path’ of the organisation, and how this path depends on its responsiveness to exit and/or voice. For example, if it is more responsive to exit than voice, the organisation is more likely to correct deviations from normal quality that are ‘obnoxious’ to its exit-prone customers. This may not be seen as an improvement by its vocal customers. Alternatively, if the organisation is more responsive to voice, it may work to minimise discontent among its vocal customers by changing quality in ways that are not appreciated by those who are exit-prone. The quality path of the organisation can therefore be predicted in different contexts, or under different assumptions regarding the relative responsiveness of the organisation to the different signals. A key point for the purposes of the current analysis is that, if quality is multi-dimensional, exit and voice do not necessarily complement each other because exit-prone and more vocal consumers may view the same change in quality differently from one another. Moreover, there will be no spillovers between alert or inalert consumers if they value different aspects of quality. Spillovers may be possible in a multi-dimensional quality setting, but only if alert and inalert similarly value quality changes along the same dimension. They are no longer guaranteed.

Application to the English education sector

The notion of multi-dimensional quality seems in tune with the actual basis for choice of parents. As discussed above, the evidence suggests that the basis for choice is indeed multi-dimensional; that parents have different preferences across different dimensions of school ‘quality’: test scores, school composition, ethos, ‘expressive order’, location. In this case the Hirschman analysis predicts that there is no guarantee that choice and voice will complement each other, nor that there will be spillovers between alert and inalert consumers if they value different aspects of quality. There is no longer any guarantee of that ‘rising tide’.

Can we say anything about the likely outcome, about the ‘quality path’ schools have the incentive to take in this case? I argue that the notion of the pupil as a quality maker, and the fact that a centrally published performance measure of quality incorporates this, proves useful in predicting the outcome. While measures of (contextual) value added are now routinely published in the secondary school league

¹² Hirschman, for example, discusses the two-party political system in the US in this context.

tables, it is still the performance measures based on raw test scores that continue to provide the headline figures (Wilson and Piebalga 2008). The notion of consumers as quality makers proves relevant to these ‘headline’ measures of quality. More generally, any measure of educational outcomes which does not explicitly account for input includes some notion of the pupil as a quality maker¹³.

These raw output measures have been – and continue to be – the key indicator in the English school league tables. School rankings in the league tables matter to all key players in the education system (Wilson et al 2006). Schools have the incentive to care about outcomes as measured by these summary indicators of raw test scores and therefore have the incentive to care about – to respond to signals from – pupils of high ability whose exit would reduce (or entry would enhance) quality as measured by such indicators, which directly relates to Hirschman’s notion of consumer as a quality maker. Specifically, they have the incentive to respond to the parents of high ability children. Given the positive association between income and attainment, these are going to be, broadly speaking, middle class parents. In the education context, the middle class parents are likely to be the most exit-prone and the most vocal (Le Grand 2007). Contrary to Hirschman, therefore, there may not be a conflict between responding to (the threat of) exit or responding to voice in the multi-dimensional quality setting. Instead, schools currently have the incentive to respond to *either* signal from the parents whose children will boost (measured) quality. And this incentive comes from the design of the PM system and, in particular, the importance of performance measures that incorporate pupils as quality makers.

So choice and voice do complement each other, even though quality is multi-dimensional, *but* only for one type of consumer. And schools have the incentive to focus on the elements of quality preferred by that type of consumer. This provides one way of thinking about how to predict the resultant quality path followed by the school. For example, one aspect or dimension of quality which the school may subsequently have the incentive to change is composition. This provides potential links with the debates on (covert) selection by schools (Le Grand 2007). There has been recent evidence that some schools in England have been breaking admissions laws in ways which, according to Schools Minister Jim Knight, penalised poorer families¹⁴. Similarly, a recent government inquiry found that 17% of the 570 secondary schools checked in three local authorities were breaking the admissions rules, for example by asking parents banned questions about marital status and financial background, or by not giving due priority to children in care or with special needs¹⁵.

The way in which ‘quality’ is measured, and the information subsequently published, thus provides a central link between the top-down and bottom-up elements of reform; between the incentives created by the former and the information on which parents at least partly base their choice.

¹³ Propper and Wilson (2003) discuss a similar point regarding general differences between alternative performance measures.

¹⁴ See <http://news.bbc.co.uk/go/pr/fr/-/1/hi/education/7193052.stm> (story published 17/01/2008; accessed 26/06/2008).

¹⁵ See <http://news.bbc.co.uk/go/pr/fr/-/1/hi/education/7326347.stm> (story published 03/04/2008; accessed 26/06/2008).

Conclusion

The purpose of this paper was to go back to the original Hirschman (1970) thesis to relate the policy discourse of choice and voice to his exit-voice distinction. In particular, I scrutinised the assumption that choice and voice complement each other to increase the quality of education provision for all. A careful analysis of Hirschman's arguments shows that the outcomes of such user-driven mechanisms fundamentally depend on how quality is defined. Applying his findings to the English education sector suggests the following. If we think of quality as school effectiveness or value added, a change in that quality is felt in the same direction by all. The use of choice and/or voice by alert consumers improves quality for all, provided schools are responsive to the signal(s) employed. This is no longer necessarily the case if we think in terms of a multi-dimensional concept of quality. If the most exit prone and the most vocal are different consumers, choice and voice may work in different directions. If, however, the same consumers are most exit prone *and* most vocal, choice and voice may complement each other to improve quality along the dimension valued (possibly only) by that group. I argue that the latter is more likely to be the case in the education context; that it is the middle class parents who are seen as most likely to exercise both choice and voice. The question then is whether schools have the incentive to respond to either signal from this subset of parents. I argue that they do so, given the incentives created by the league tables and in particular the fact that the headline figures, based on raw test scores, incorporate the notion of the pupil as quality maker. This suggests that the current UK policy discourse may be misleading in the education context: choice and voice can work together to improve quality, but maybe only for a subset of consumers. The discourse evokes the language of Hirschman but not the actual implications of his analysis.

This analysis further shows that these alternative concepts of 'quality' provide a useful framework for thinking about potential outcomes from combinations of the bottom-up and top-down elements of reform across different areas of public service delivery. These different concepts will be applicable in varying degrees across these different areas. Following from this, the current analysis represents a starting point for a broader research programme, both with regard to exit/voice in different public services, and with regard to the other elements of the reform program (trust, capability, for example). This analysis also highlights the need for more empirical evidence on the basis for parental choice of school; on the correlations – positive and/or negative – between the different dimensions of school quality and, in particular, between the preferences of different parents across those dimensions. This will inform the extent to which schools responding to one group of consumers (here, for example, the middle class parents) are also improving quality along the dimensions valued by other groups, which will in turn provide evidence on the extent to which spillovers may in fact be possible within a multi-dimensional quality setting.

My analysis has further implications for policy. First, it provides a further argument against the publication of school performance tables that focus on measures of quality based on raw outcomes, i.e. that incorporate the notion of the pupil as a quality maker. Removing such measures would both counteract the legitimisation of associating high ability intake with high quality school, and would also reduce the incentive of schools to only respond to the signals from that subset of consumers. This could be supported

by adjustments to the funding formula for schools, such that per capita levels are explicitly adjusted across broad pupil types (Le Grand 2007). Second, if the government wants to introduce more options for parents to exercise voice it needs to ensure that the performance management system incorporates incentives for schools to respond to that signal from all consumers (and to respond by improving effectiveness). More generally, it reinforces the importance of considering the design of the top-down elements of reform in conjunction with the bottom-up elements, in order to achieve consistency between user-driven incentives and those created by the performance management system.

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