# The School Management Initiative

( March 1991 )

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**Background**

Interested in implementing a major public sector reform, the Government commissioned in early 1989 several studies on the application of reform concepts delineated in an internal document which spelled out a proposed comprehensive programme of financial and management changes. The “schools education study” was conducted in this context to review the problems of the framework of education policy formulation, implementation, and evaluation. Findings and proposals for changes presented by the study group were being accepted in principle by the Government.

**Aim**

This booklet systematically presents a management programme of change at the school level. It begins with the elaboration on the problems of policy formulation, implementation, and evaluation within the governmental apparatus and then describes the specific proposed changes within the inter-organisational and intra-organisational dimensions. Then, the booklet reviews the policy and management problems at the school level and presents a total of 18 specific recommendations for enhancing effective management for quality education at the school-based level. Implementation guidelines and suggestions are also delineated.

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4. This booklet sets out the proposals of the study team as they relate to schools, to assist in consultation with the Education Commission, Board of Education, schools councils and other concerned bodies on how best to proceed with implementation.

5. Chapter One sets out the background to the study, and briefly describes changes to be made at the level of central government and the department. Chapter Two describes problems identified in two areas at the schools level; namely school management frameworks, and school funding. Chapter Three draws on the experience of overseas education systems faced with similar problems of quality assurance, and proposes a framework for ensuring an effective school system. Chapter Four sets out recommendations and Chapter Five proposes how changes should be implemented. More detailed information on some of the major proposals is given in the Annexes.
Summary of Policy Recommendations

The following extraction from Chapter 4 provides a detailed outline of the 18 recommendations made by the study team on reforming the school management system in the public sector of Hong Kong. Editors.

4.0 The problems identified in Chapter Two stem from inadequately defined roles and responsibilities throughout the education system, and from inadequate management systems for defining objectives and evaluating results. This chapter sets out recommendations for addressing these issues, together with supporting arguments.

Recommendation 1 The emphasis in ED’s relations with the aided sector should change from detailed control to support and advice, within a framework defining responsibilities and accountabilities at all levels in the education system.

4.1 The key problem with the education system at present is the lack of a well-defined management framework. As a result ED has been drawn into a relationship with schools which has a strong controlling tendency. On the one hand this is not the most appropriate or effective way to ensure good management in schools. On the other hand it diverts departmental resources from more positive support/advice activities.

4.2 Recommendations 4 to 10 below define an appropriate management framework for schools.

Recommendation 2 ED should remain as a government department.

4.3 The role of ED is to deliver certain educational services directly; and to monitor, support, and advise the aided sector in its delivery of services. The latter role includes statutory powers of prosecution. Since the activities of the department have a high policy content (i.e. they are not simply routine operational matters), and since they depend on public funds, it is appropriate that they continue to be performed directly by the government rather than by a non-governmental public body (i.e. an Education Authority).

Recommendation 3 ED should obtain expert help to define the information needs of the schools education programme and develop appropriate management information systems.

Particular attention should be given to:

- the management information needs of schools arising out of the new approach proposed in Recommendations 4 to 10 below; and
- the management information needs of the Department arising from the new framework proposed in Recommendation 1 above.

4.4 There are problems with present systems for obtaining management information, which affect both ED and the schools. ED has tried for some time to develop an Education Management Information System (EMIS), but with inadequate advice on its information needs, and inadequate resources.

4.5 The recommendations in this chapter will lead to a range of management information needs in schools and ED very different from that which is now available or thought desirable by managers. There must be an urgent re-appraisal of these needs.
Recommendation 4 The roles of those responsible for delivering education in schools should be defined more clearly.

4.6 It was pointed out in Chapter Two how problems with the present system of school management lead to two major consequences. Firstly, it is impossible to ascertain whether any school is giving value for money, in terms of providing a quality education with the funds allocated to it. Secondly, there is no system for ensuring that schools themselves manage those matters which can only be managed effectively at the school level, while following central policies wherever these are set in the interests of the education system as a whole. This not only limits the contribution made by teachers and managers, it also allows the development of disputes within schools or between schools and the government.

4.7 The best way to ensure effective school management is to require those nominally and legally responsible for operating a school to accept full responsibility for the quality of the education they offer. This means developing appropriate management structures and processes, which build on good practice already found locally and draw on useful experience from overseas. It also means developing performance measures sensitive enough to identify, for example, excellent schools catering to low ability students as well as mediocre schools catering for bright students.

4.8 The presence of the aided sector enables the education service to be delivered more flexibly than would be possible if all teachers were civil servants. It provides a channel for community involvement, in the form of sponsors' contributions towards capital costs and participation by many individuals as school managers. However, having entrusted delivery of this essential public service to the aided sector, the government has not developed a framework to ensure that those involved provide a quality service. Hence the detailed controls exercised by ED. Such controls, by the very nature of the education process, are not the most effective way to ensure the quality of what goes on in the classroom. A revised framework of control is needed, which places firmly on SMCs [School Management Committees] and Principals the responsibility to manage aided schools effectively. The following recommendations specify how this could be achieved.

Recommendation 5 Every School Management Committee should be required, under Education Regulation 75, to prepare a constitution setting out the aims and objectives of the school and the procedures and practices by which it will be managed.

4.9 The existing power of the Director to require SMCs to prepare a written constitution has never been activated. The absence of formal management procedures in many schools is a key weakness of the system, leading to many of the problems identified above. Written constitutions will provide an essential tool for monitoring and evaluating the performance of SMCs, and will help ED to move from its present controlling role (see Recommendation 1 above) to one emphasising support and advice.

4.10 The requirements of the constitution, and the degree of flexibility to be given to SMCs to vary provisions, should be determined by ED after appropriate consultation, and standard clauses should be drafted for the reference of schools.

4.11 The size and composition of SMCs is not specified at present. There would be benefits in including teachers and parents among the managers, and in specifying minimum and maximum sizes for aided school SMCs (e.g. no less than 4 and no more than 15).

Recommendation 6 The role and the legal contractual position of the sponsor in respect of school management should be clarified.
4.12 The role of the sponsor in managing the school is not clear, in particular regarding the appointment of school managers subsequent to the initial batch of managers when the school is first registered. There have sometimes been problems of SMCs clashing with the sponsoring body.

Recommendation 7 The role and duties of the Supervisor in relation to the SMC and Principal should be reviewed.

4.13 Although it is nowhere stated explicitly in the Ordinance or the Codes of Aid, it appears that the Supervisor is meant to be the chairman of the SMC. The role of SMC chairman should be defined in the light of these recommendations.

4.14 In particular, it is questionable whether a non-staff member of the SMC needs to be involved in the day-to-day financial affairs of the school. There would be advantages, once formal procedures are in place for approving budgets and ensuring managerial accountability, in assigning to a senior teacher the duties of a Bursar, and in giving weight to such experience when considering candidates for appointment as Principal.

Recommendation 8 The role and responsibilities of the Principal should be set out in a Principal's Manual.

4.15 Annex 2 (See original document) indicates the proposed scope of the Principal's Manual. It would make clear the central role of the Principal in educational management and school performance, and include advice which is now either not provided, or is provided in a scattered and inefficient manner (e.g. by means of numerous circulars).

Recommendation 9 Formal staff reporting procedures should be required in all aided schools.

4.16 The delivery of education in schools depends heavily on the quality and commitment of the teachers. At present schools are not required to have any formal procedures for evaluating the performance of staff. This is a serious deficiency. It makes impossible any systematic consideration by management of staff strengths and weaknesses. It hampers identification of professional development needs in the school, and may be a factor in accusations of unfairness in promotion exercises.

4.17 Schools Councils should be consulted on the framework of a staff reporting system. ED's new staff appraisal form offers a useful starting point.

Recommendation 10 School management frameworks should allow for participation in decision making, according to formal procedures, by all concerned parties including: all teaching staff; the Principal; the SMC, and (to an appropriate degree) parents and students.

4.18 Encouraging schools to become more effective requires motivating all those involved in delivering education. At present many teachers are isolated from the decision making process, and few teachers are members of SMCS. Very few schools have parent-teacher associations, or parental representation on SMCS. Closer contact between schools and parents could foster more effective learning, and should be encouraged in all schools.

Recommendation 11 Funds for aided schools should be provided as far as possible in the form of a block grant. Each school should have authority to decide its own spending pattern. In the light of central education policies and its own defined needs.

4.19 At present schools have minimal discretion over spending, since each type of grant has a tightly defined scope, virement is not allowed, and any amounts underspent (beyond defined limits) are clawed back. The major cost element, teachers' salaries, is provided on a 100% deficiency grant
basis, which relieves school managements of any responsibility for considering staff costs. It is essential for good management in schools that managers become more aware of their resources, and that they have some flexibility to decide between staff and non-staff spending.

4.20 Initially, all grants other than grants related to teacher salary and fringe benefits should be merged into one block grant. This would enable schools to make effective use of all non-salary funds allocated to them, and so reduce the amount of underspending which is clawed back.

4.21 For historical reasons, primary non-teaching staff salaries are also provided on a deficiency basis. There is no logic in treating primary schools differently from secondary schools. The principle of merging grants where possible should apply at both primary and secondary levels.

4.22 While grants would be calculated on the basis of various cost components, schools would have discretion to decide their own spending patterns. Accounting procedures would ensure that spending patterns were easily traced, for example to help ED prepare cases for grant increases.

Recommendation 12  As a first step in encouraging more awareness among school managers of all their resources, schools should have discretion to use savings from up to 5% vacancies for any staff or non-staff purpose.

4.23 Without such flexibility, schools would have discretion over no more than one-eighth of their budgets. Some managements would consider this an inadequate incentive to undertake the difficult task of management reform proposed in this report.

4.24 Schools with vacancies unfilled in September, or arising during the year, up to 5% of establishment (say, two posts in a standard size school) would have the option of either recruiting in the normal way or leaving vacancies in order to use the funds for non-staff purposes. This would encourage more awareness of resources among managers, without upsetting the centrally defined payseals.

4.25 The school management should take any decision on how to approach a vacancy in accordance with formal procedures and in consultation with those most affected, i.e. teaching staff and parents. This will ensure that the decision is made in the best interests of meeting school goals, and has the positive support of the school community. The decision should be reviewed by the management every year.

4.26 Savings should be calculated by reference to the basic salary point of the relevant rank. In practice this will usually be the basic rank, since a decision to hold senior posts vacant could lead to staff problems.

Recommendation 13  While government grants should be sufficient for a school to provide an acceptable standard of education, schools should have more flexibility to tap sources of non-government funding for above standard items. In particular, they should be permitted to charge Tong Fai to all pupils, up to a reasonable amount.

4.27 Small Tong Fai subscriptions from all pupils could provide a significant addition to a school's operating budget. For comparison, the School and Class Grant amounts to $133 per pupil per annum at Primary level, and $240 at Secondary level.

Recommendation 14  The government should ensure that the sponsor's contribution continues to represent a reasonable proportion of the cost of setting up a school.
4.28 The proportion of capital cost contributed by the sponsor has declined over the years. Since there are still many bodies eager to sponsor a school, there seems to be scope for encouraging sponsors to contribute more.

Recommendation 15 In the longer term, serious consideration should be given to the merging of salary and non-salary grants.

4.29 The long-term goal should be to fund schools by a single block grant covering all salary and non-salary costs. Only then could managements be fully responsible for managing their schools, and only then could a link be introduced between resources and performance.

4.30 Block grant systems have been introduced elsewhere, so overseas experience could be drawn on in devising a system for Hong Kong. There would be difficult political and practical issues to tackle once the principle of block grant funding was accepted. A working group should be set up one year after the start of the Pilot Scheme (Recommendation 16 below), to examine the practicality of achieving the long-term goal.

Recommendation 16 In order to test Recommendations 4 to 13 above and 17 and 18 below in as short a time as possible, a pilot scheme should be defined, and implemented from September 1991 in a cross section of schools of different types, catering for students of different ability ranges, and operated by various sponsoring bodies.

4.31 Improvements to school management must be introduced as early as possible if the quality of primary and secondary education is to be maintained and improved. The recommendations in this chapter will cause some pain to managements used to operating with informal procedures and with no requirement to account for performance. A pilot scheme, with a first phase covering up to 50 schools of different types whose managements and staff are positive about the changes, should enable the validity of the proposals to be demonstrated. It will also enable problems to be identified and remedied.

4.32 A pilot scheme will also help to reassure central government that the changes will have no adverse effects on the overall education budget. However, the aim of the exercise is improved efficiency and accountability i.e. better value for existing expenditure, and it must not be presented or seen as a cost-cutting exercise.

4.33 The first phase will begin in September 1991, covering secondary schools only in the first year, since it is easier to merge grants at this level. This means a very tight timetable for preparations.

4.34 The practical experience of the first phase will be reviewed in May/June 1992. The pilot scheme could then be extended from September 1992, with any necessary modifications, to a number of primary schools and to as many secondary schools as possible. By Year 3 or Year 4, all schools should have begun to implement the new management framework.

Recommendation 17 Each school in the public sector should produce an annual School Plan to guide its activities during the year.

4.35 This plan, described in Chapter Five below, will
- ensure that all those involved in the delivery of education in the school play an appropriate part in setting goals, and can be held accountable as appropriate for achieving those goals;
- provide a formal means of evaluating achievement in each of the school's activities, assigning priorities for the coming year, and allocating the school budget in accordance with those priorities; and
- provide all those with an interest in the school (ED, parents, managers, teachers, pupils) with information on the school's aims and activities.
4.36 The process of developing comprehensive School Plans will probably take a few years in most schools. The introduction of formal constitutions for SMCs (Recommendation 5), drafting of a Principal's Manual (Recommendation 8), and clarification of roles and relationships in the Ordinance and Codes of Aid will help this development. But there is no reason why all schools should not begin clarifying their goals and defining their activity programmes as soon as possible.

**Recommendation 18** Each school should prepare an annual School Profile covering its activities in the previous year and detailing school performance in a number of key areas.

4.37 The intention behind the Profile, described in Chapter Five below, is to encourage schools to produce data on their particular circumstances and performance. The Profile could be developed so as to simplify and make more systematic the collection of data from schools by ED. Its more important function, however, would be to provide parents, pupils and ED with information on the school's performance.

4.38 The indicators to be included will need careful thought and consultation, but should cover, for example, the following major areas:

- student achievement in core subjects;
- staffing profile, including teacher turnover, teaching outside areas of competence, numbers of unqualified teachers;
- pupil profile, e.g. by parental occupation, housing type; and
- non-academic activities and achievements, e.g. sports, drama, community involvement.

**Annexes 1 - 4 (See original document)**
Handbook on Educational Policy in Hong Kong (1965-1998)