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Common ground across the divide: financial management policies of schools in contrasting public education systems*

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Abstract

Australian governments have granted differing levels of financial management authority and responsibility to their schools—exemplified in the largely decentralised Victorian and the largely centralised New South Wales (NSW) systems. To date insufficient consideration has been given to assessing the capacity of schools to actually manage their own finances and whether such capacity differs between centralised and decentralised systems. This paper reports on the financial management policies of two large regional high schools, one in Victoria and the other in NSW. Although these schools had been granted differing levels of financial management autonomy their financial management policies were found to be substantively similar. A potential explanation for this was subsequently found in the theory of institutions. Hypotheses from this theory are outlined and found to be supported by the research findings.

1. Introduction

Harrold (1996) argues that education's high importance and cost means governments will continually seek ways to improve the performance of their education systems. One strategy with wide acceptance in education systems across the world is school-based management—the authority to manage schools devolved to the school level (Caldwell, 1995). In Australia and overseas however, the scope of school-based management (SBM) and therefore its meaning can vary markedly. Victorian government schools for example, although funded by and accountable to the government, are run as *de facto* independent schools by staff and the school community. By contrast their counterparts at New South Wales (NSW) government schools have little discretionary power.

Arguably the driver of differences in the scope of SBM is the extent of discretionary control a school has over the financial resources that are actually expended at the school. This is because 'a major component of SBM reform has been the delegation of financial management to the school site' (Newcombe, McCormick and Sharpe, 1997, p. 94). Government schools in Victoria control the vast majority of the recurrent school level budget but NSW government schools administer just a fraction. Despite the role it plays in SBM little research attention has been given to school level financial management. Australian research that compares the financial management capacities of schools with significant autonomy and those with little is particularly lacking.

The original purpose of the research discussed in this paper was to undertake an exploratory case study of the financial management capacities of two large government schools, one in Victoria with significant discretionary control over its financial resources, the other in New

South Wales with relatively little. More specifically, because they ultimately shape the rest of an entity's financial management capacity, the research focused on the schools' financial management policies. As well as obtaining an understanding of them, a comparison was made between the two schools' financial management policies. When it was discovered that they were substantively similar, despite the schools' differing levels of financial autonomy, an explanation was sought. It has arguably been found in a series of hypotheses arising from institutional theory, put forward by DiMaggio and Powell (1983), as the causes of organisational similarity.

The paper is arranged in five parts. First, a brief overview of the research to date is provided. This is followed by an outline of the methodology employed in collecting the data reported on and thirdly the research findings from the study are discussed. In the fourth part a series of institutional theory hypotheses is described and measured against a re-examination of the research findings. A general conclusion is then reached, in light of the research findings from this study, about the reasonableness of institutional theory as an explanation for organisational similarity. Arguably the data collection reported in the paper constitutes a grounded theory approach to research—where theory evolves from the research data rather than developed *a priori* and then tested.

2. Review of literature

A significant percentage of the existing literature on school level financial management has centred on the link between implementing school level financial management and improved learning outcomes. To date this link has not been proven. Some attempt has also been made to assess the capacity of schools to manage their own finances.

2.1 Australia

Caldwell and Hayward (1998, p. 92), the architects of Victoria's 'Schools of the Future' Program, contend that SBM has played a key role in driving the 'low expenditure and good performance' of the Australian education system identified by Burke (1996). However they do admit that research on SBM reforms has 'for the most part failed to explain the impact of such reform on learning outcomes' (Caldwell and Hayward, 1998, p. 106). In 2001 Mante and O'Brien attempted to measure the performance of public secondary schools in Victoria. Using an analytical technique known as data envelope analysis (DEA) they argued that given their educational outputs, secondary schools in Victoria were generally making an efficient use of the resources they were provided. Unfortunately the lack of a similar study conducted on a school system with a more limited form of SBM than Victoria's makes it difficult to definitively claim that granting a school significant financial autonomy enhances its performance.

Indeed in NSW, a state that provides its public schools with comparatively limited financial autonomy, research on financial management at school level was difficult to locate. One indication of concern about the capacity of NSW schools to manage even their current level of financial resources was the 2003 NSW Department of Education and Training (DET) Financial Statements (2003). The Auditor-General expressed reservations concerning the accuracy of school cash balances incorporated into the DET's accounts (2003, p. 4) and as a result the audit report contained a qualification.

2.2 United Kingdom

In the UK differing forms of SBM have been in place for at least two decades. A good deal of the research has focused on the capacity of schools to manage their own finances and more particularly budgets. Levacic (1995) reported that most schools, irrespective of their level of control over spending, made subjective budget decisions with little reference to school development or management plans. Levacic's view was supported in research published the following year by Edwards, Ezzamel, Robson and Taylor (1996), in which the impact of the 1988 Education Reform Act (ERA) on three Local Education Authorities (LEAs) was studied. Despite marked variation in the scope of SBM at each LEA, when charged with the responsibility for implementing a budgeting and financial system that reflected their own strategic needs, all three LEA's defaulted to an incremental budget based on past allocations.

2.3 United States

The situation in the US, where the form of SBM can vary significantly between school boards but school management policies are often homogeneous, has a good deal in common with the UK situation as outlined above. In their study of two US schools Ortiz and Ogawa (2000) argued that this homogeneity may be due to the significant accountability demands placed on school principals under SBM. 'In response, school organisations have grown in size and complexity and become increasingly bureaucratic, calling for decisions based on the rational appraisal of alternatives' (p. 489).

3. The need for an exploratory Australian study

It can be seen from the literature review that there is some concern over the capacity of schools to manage their own finances. The level of concern does not appear to vary with the

scope of SBM. Reviews of US and UK research also suggested that financial management policies, such as budgeting approaches, often look similar between school authorities despite their differing degrees of SBM. The reasons for such commonality are myriad but the reviewed UK and US research tends to suggest that organisational bureaucracy is a significant factor. In Australia, the lack of a comparative study on the financial management policies of schools in systems with differing SBM forms makes it difficult to ascertain whether those policies are common let alone consider reasons for it.

Limited research into the practice of school level financial management in Australia meant that it was most appropriate to undertake an exploratory case study (Ryan, Scapens and Theobald, 2002) on selected individual schools, one in NSW and one in Victoria. To enhance the validity and integrity of the research conducted the schools shared some key attributes: both have over 1,100 enrolled students, are located in major regional centres with populations between 20,000 and 25,000 people (Australian Bureau of Statistics, 2001) and have no academic or cost barriers to entry. Comparative statistics related to each school are presented in *Table 1*.

(Insert Table 1)

Research participants were selected purposively—they must have some involvement in, or responsibility for, the administration of school based financial management. The sample selection therefore focused on the school business manager, the principal, financial administration staff, the chair of the finance committee and teachers who had demonstrated some interest and expertise in school based financial management. Across schools in both

education systems a total of fifteen participants were involved in this research as outlined in *Table 2*.

(Insert Table 2)

All interviews were transcribed in their entirety and substantive statements, those that made a relevant point, highlighted in order to facilitate the identification of strong recurring themes. Follow-up communications via email were held with respondents after interviews to ensure that transcriptions had been accurately recorded. All respondents also completed a five point Likert Scale questionnaire that contained various statements about local school financial management. Results from the questionnaire were then individually and collectively corroborated with the views expressed in the interview transcripts before the interview data was written up.

4. Data presentation and analysis

Despite the large difference in the quantum of monies each school is responsible for there was significant commonality on a number of key financial management policies including those for curriculum availability, cash management and subject contribution fees. Differences in financial management policies, most notably in hiring financial management staff, tended to be the exception.

4.1 Curriculum management strategies

Both schools had leaders who understood that the types of subjects offered could ultimately have an impact on the school's budget. Consequently steps were taken to maximise the value of financial resources being spent at the school whilst at the same time seeking to offer a broad curriculum. The NSW school established a policy of not running a subject at Year 11 level with fewer than 15 students.

You do get some economies of scale. And if you run your curriculum not extravagantly then you can also ensure that your global budget isn't frittered away on very small classes. You know it depends on your philosophy. I run I think 36 or 37 HSC courses here. Now if I wanted to do a bit of Classical Ballet or a bit of Modern Greek and run classes of one or two kids, mate I could spend. (Principal NSW School)

Although the Victorian school was not as proscriptive in this regard as the NSW school their policy had a similar effect in limiting subjects with small classes.

Our kids choose electives and so we say 'you've got to cut you should be able to fit this many kids into this many units without your classes being oversize'. Obviously at Year 12 we have smaller class numbers ... but we've got formulas for that as well. We negotiate and get to a level that we're happy with and they then tell me what they need and I'll find them the staff. (Deputy Principal 1 Victorian School)

Participants from both schools recognised that not all government high schools have the ability to adopt such a financial management policy. Intense competition from other schools meant that some schools had been forced to spend a large percentage of their global budget to maintain more prestigious subjects and academically talented students, their intellectual capital.

Other schools that have more pressure on them to maintain numbers ... they've got to try and keep every kid they can and a kid comes in and says 'I want to do Chemistry and I want

to do Ancient History or I'm going to leave this school' and it's your top kid ... there's a lot more pressure to say 'alright we'll create an Ancient History class just for them'. (Deputy Principal NSW School)

For a lot of years they [smaller high school in same region] were trying to keep hold of their physics and their higher end maths because once you lose those type of kids it's very detrimental to the school and so they would sacrifice other things to have small numbered classes. (Deputy Principal 1 Victorian School)

Certainly the size and reputation of the schools studied meant they had some 'market power' allowing them to manage their curriculum in a financially beneficial manner.

4.2 Cash management

A consequence of the largely centralised nature of the NSW education administration system is that the NSW school receives significantly less monies in annual global budget grants than its Victorian counterpart. This has not prevented the NSW school from building substantial cash reserves. At year end \$200,000 of the \$450,000 total was tied to specific programs leaving some \$250,000 for expenditure at the school's discretion. Both schools have set significant minimum cash balances. In NSW 'our working account is usually around about \$80,000' (Principal NSW School) and in Victoria 'the school and I have set a goal that in our general reserve we don't go under \$50,000' (Business Manager Victorian School).

Although, as Knight (1993, p. 128) contends, a balanced budget is no indication of effectiveness or efficiency, it at the very least indicates a conservative financial management

strategy. It could be argued that the responsibility of school level financial management has forced schools to be concerned about staying solvent so that educational programs can be undertaken. Certainly the experience of the Victorian school's Business Manager under a previous principal provided sound reasons for adopting a conservative approach.

We had a principal here a few years ago now, he nearly broke the school ... He didn't like to see money in the bank. If we had money in the bank he wanted it spent ... Once he left we sort of dug our toes in a bit and made sure that we had a few dollars in reserve. (Business Manager Victorian School)

The same conservative approach to cash management extends to faculty allocations. At the Victorian school faculties are required to spend or lose the bulk of their funding allocation each year rather than being able to retain them for the future. A Deputy Principal of the Victorian school defended the 'use it or lose it' policy on the grounds of matching revenues from fees with expenditure of them.

Sometimes I will leave them a bit of money because ... there was this thing that they were going to purchase in the following year. But we'll negotiate that and I will leave them with some money. But I had a ... teacher that was wanting to squirrel away bits every year so she had this huge amount of money that she could buy ... something at the end of it. You can't squirrel kids' money away from year to year to buy something down the track in ten years time. The kids that pay their levies will never ever benefit from them. (Deputy Principal 2 Victorian School)

The NSW school one step further and does not allow their faculties to keep any unspent money at the end of the year. The head teachers argue that the policy impinges on their ability to manage their faculty to maximise educational outcomes.

The other thing I can't do which I don't like is hoard money from one or two years and spend it next time. I've got to use it. And so if I knew I had a fixed budget over three years then I can think 'oh I'm going to have to dip right into it this year and spend heavily and maybe next year I'll be lighter on, I'll under spend for that year' but it just doesn't seem possible. (Head Teacher 2 NSW School)

I think [that]... if you've managed your money well I don't think you should lose it ... I mean if you know well 'you don't spend it you lose it you lose it' whereas if you knew 'hey if I don't spend it I can save it' I think that'd be good. (Head Teacher Victorian School)

Arguably the head teachers seeking to retain their own faculty surpluses are even more conservative than their school's cash management policies.

4.3 School contribution fees

It was suggested by a number of participants that school level financial management has been a catalyst for forcing communities to raise funds that were previously provided by the government. This was difficult to firmly establish because communities in both types of education administration systems were providing funds for their local school. One of the main mechanisms for doing this is school fees. In theory the provision of public education comes at

no cost to the student or their family but schools in both education systems are permitted to levy voluntary contribution fees. Both schools have a policy of charging such fees.

Whilst there was a difference in the quantum of the contribution fees charged, amounts levied were certainly greater at the Victorian school, the policy of charging more for the higher cost subjects was common to both schools. In fact it was only the higher cost courses at the NSW school that levied subject fees. A classroom teacher at the NSW school describes the strategy his faculty established to maximise the collection of voluntary subject fees:

I'm not sure how many schools practise it but at this particular school we came to the conclusion I think in about '95 or '96 that students were more likely to make a contribution if they could see what they were getting for it. So what we did we actually came up with the idea of kits for each course and the kit contained the basic requirements of the course so it had pencils, brushes, paints. (Classroom Teacher2 NSW School)

The subject contribution policy at the Victorian school is more formalised, which arguably leaves less room for initiatives such as the kit discussed above. Head Teachers are required to make a submission to the finance committee justifying their proposed per head levy.

However, much we charge families for particular subjects ... it's based on the needs of those subjects, if there's a high cost with disposables or consumables. And basically we look at applications from year to year from the Key Learning Area Coordinators (Head Teachers)...we look at their reasoning and so on and then make a judgement each year as to what we think

the levy should be. It's a very transparent process within the school and nobody's doing any deals behind anybody's back. (Deputy Principal 2 Victorian School)

One head teacher at the Victorian school however expressed some frustration at not being allowed to increase the fee for a subject she was previously the coordinator for.

I tried to charge a \$20 or \$25 levy to offset all the photocopying that was being done... in reality if they're not using the book that was probably what they were spending on photocopying a year but the school weren't keen to do it that way. They'd rather sometimes people put together a book and sell them from the office. To raise a levy you're really only looking at raising it by a couple of dollars rather than suddenly doubling it or something. (Head Teacher Victorian School)

In both systems it appears that subjects using materials other than paper can more readily charge levies. The contemporary nature of some subjects means that significant numbers of articles need to be photocopied, a reality that appears to have been overlooked in setting up the policy. The NSW Head Teacher from the same discipline, as the one quoted above, was not permitted to charge any subject contribution fee at all. Despite some frustration at not being able to recoup any of the significant costs he does concede the problems in levying fees.

That's where the photocopying budget gets blown out...handouts and lots of newspaper articles and we subscribe to updates ... You can't charge the kids too much. We can't just assume that we're going to have a class that are prepared to pay \$80 for a package of update series and workbooks and that sort of stuff. (Head Teacher 2 NSW School)

4.4 Faculty budget allocation

The similarity in policy approaches between schools in different education administration systems is certainly striking. Arguably similarities in policy can also be seen even when the application is different. A prime example is the budget policy, specifically the component of the budget that is allocated to faculties for their own expenditure.

Now when I first came here it was a situation where money was allocated on a formula basis and it had something to do with the amount of kids that you taught ... So mathematics might get X dollars because they've got a thousand kids, languages might get a hell of a lot less because they've got 300 kids to teach or something like that. But interestingly enough, course costs were never taken into account. (Principal NSW School)

The faculty budget allocation policy at the NSW School is now entirely done on the basis of need and is not driven by student numbers. Faculties are required to make detailed submissions to the finance committee which will determine the amount to be granted using the following principles:

Generally the finance committee will not reject learning materials in terms of textbooks, in terms of software. They will look hard at hardware that people are asking for but if we're expecting them to go down the track of improved IT the money's got to come from somewhere. (Principal NSW School)

In apparent contrast to the funding allocation policy at the NSW school faculties in the Victorian school are allocated a flat amount of \$2 per student per subject taught irrespective of need. However, an additional per student amount can be derived from the voluntary subject contribution fees paid by the students and this depends on the actual costs of the subject. For example a subject with high costs may receive an additional \$20 per student from a levy whereas a low cost subject may receive only an additional \$5 per subject from their levy. In effect a significant majority of a faculty's funding is driven by need. The fact that the NSW policy funds faculties exclusively on the basis of demonstrated need has already been outlined. It can be argued therefore that the intent of the Victorian policy, despite a different method, is in substance the same as the NSW School—need is the driver of funding policies for both schools.

4.5 Financial management staff

One of the few aspects of financial management policy where a clear distinction exists between the two schools is the criterion used to hire the staff responsible for the management of the school's finances. The Victorian DET requires all schools to employ a business manager but, as with all staffing decisions, leaves the hiring decision up to the individual school. The current business manager at the Victorian school has been in the position for over fourteen years. Prior to this position he was branch accountant at one of the major banks but holds no formal accounting qualifications. It could be argued therefore that the employment criterion for the business manager at the Victorian school is financial management experience but as there is no formally stated policy in place it is difficult to definitively establish.

In NSW hiring decisions for administrative staff are also made by the local school. Although the scope of financial management responsibilities is arguably narrower, the same criterion does not appear to apply. By her own admission no financial management experience was required before undertaking her financial management position—‘everything about it is learn on the job’ (Senior Administration Officer NSW School).

5. A theory for explaining the similarities in different SBM schools

With the exception of the approach to hiring financial management staff, the financial management policies of both schools are substantively similar. This is despite the significant difference in the extent of discretionary control the schools have over financial resources. Two American scholars, Paul DiMaggio and Walter Powell (1983), have developed a theoretical framework known as institutional isomorphism that seeks to explain why originally disparate organisations end up looking quite similar in practice, process and behaviour. They identify three mechanisms by which isomorphic change occurs—coercive (formal and informal pressures), mimetic (copying of practices) and normative (professionalisation). From these mechanisms six predictors have been derived that attempt to indicate which fields are most likely to foster homogeneity in their organisations. One such field is public education. The six hypotheses, compared against research findings from the two schools, are provided below.

(1) The greater extent to which an organisational field is dependent upon a single source of support for vital resources the higher the level of isomorphism.

The concentration of vital resources within a field gives those few suppliers significant power to dictate to those dependent on them, often on price or in regulation. If all organisations in a field are equally dependent on the same few suppliers, imposing the same terms upon which

supply is made available, then it is quite likely those same terms will shape the internal processes of those dependent organisations in a similar manner.

By definition, and despite claims that the share of state funding for it is declining, the public education system remains overwhelmingly reliant on government to fund its ongoing operations. This reliance flows down to individual schools within the public education field. Between the two schools studied, there are undoubtedly significant differences in the level at which most financial allocation decisions appear to be made. The Victorian school's turnover is roughly seven and half times that of its NSW counterpart. For both schools however, as the funding to ensure they can undertake their primary educational role is almost exclusively sourced from their respective departments of education this has subjected them to similar stipulations as discussed below.

(2) The greater the extent to which the organizations in a field transact with agencies of the state the greater the extent of isomorphism in the field as a whole.

The public education field is inextricably linked with agencies of the state, most notably the DET. Interactions between organisations in the field, namely schools, and the DET bureaucracy tend to be governed by formal processes and procedures. This was certainly borne out in responses provided by research participants. Principals, deputy principals and administration staff at both schools all expressed frustration at the amount of time consumed in complying with administrative and financial acquittal requirements from their DET.

The relationship with the DET has had an impact on the policies and procedures both schools impose on their own staff. In section four, for example, similar comments by head teachers

about the rules on subject levies and returning unspent faculty monies were outlined.

Whether the frustrations of the head teachers were justified is not the primary issue. What is clear is that in response to similar 'head office-branch office' relationships with their education bureaucracies, both schools have imposed their own similar bureaucratic stipulations on how finances under their control are spent and acquitted.

(3) The fewer the number of visible alternative organisational models in a field, the faster the rate of isomorphism in that field.

It is rare for an individual organisation in any field to develop a completely unique set of its own strategies or structures. Instead a desire to emulate proven organisational models as well as make an efficient use of limited resources generally sees most organisations adopt pre-existing models, either partially or entirely. Inevitably this leads to a limit on the number of different organisational models within a field. This hypothesis argues that fields can reach a threshold at which the dominant model is so widely adopted that the one organisational model effectively becomes universal.

Historically the public education field has been dominated by the one organisational model. At the school level principals are the head of a fairly hierarchical structure. Under them in descending order of authority sit deputy principals, head teachers and classroom teachers. This core structure has remained unchanged despite the advent of SBM. The teaching staff hierarchy at both the schools studied are identical to the historical model outlined above. A significant factor in this situation is, once again, the role of the state. Although Victorian schools have the power to hire their permanent teaching staff, something their NSW counterparts cannot do, the basis for their funding is quite similar. In both systems enrolment numbers determine the classification of principal the school is entitled to as well as the

number of deputy principals, head teachers and classroom teachers. As both schools studied have similar enrolment numbers both DETs are effectively funding a similar number of total teaching staff and even stipulating staffing numbers at each level.

The inflexibility of the prevailing organisational model was demonstrated at the Victorian school when it sought to manage its budget overrun by reducing the number of head teachers. After complaints by the teachers' union and an investigation by the DET, the school was required to reinstate the head teacher position. It would be reasonable to conclude therefore that the strong influence of the state, as discussed in the prior hypotheses, has meant that a hierarchical organisational model is firmly entrenched in both the NSW and Victorian public schools studied.

(4) The greater the extent to which technologies are uncertain or goals ambiguous within a field the greater the rate of isomorphic change.

As DiMaggio and Powell (1983) point out, this hypothesis would appear at first glance to be somewhat counterintuitive. On closer consideration however it would seem reasonable for an organisation with ambiguous or disputed goals to model itself after organisations it perceives to be successful. If a majority of organisations operating in a field adopt such a strategy to counter the inherent uncertainty in the field then, as discussed in the hypothesis above, the number of organisational models in the field become limited and ultimately one or two may dominate.

It is debateable whether the public education field can be characterised as one of uncertainty or ambiguity. Indeed given the above discussion about the influence the state has in

homogenising the organisational model present in schools, it could be argued that such a debate is irrelevant. Nevertheless there were examples at both schools of perceived or actual uncertainty influencing financial management decisions. The clearest of these examples was in relation to cash management policy. Both principals were concerned at the timeliness and adequacy of government funding to meet the costs of their school's operations. For instance an overrun in electricity and casual teacher expenses could in theory leave the school unable to meet its obligations in the short term. In response, as outlined in section four above, both schools adopted a conservative cash management policy that ensured significant cash reserves were held in school bank accounts. Interestingly such a conservative policy was not required by the DET in either state but it could be argued that it was forced upon the schools by a shared view of uncertain government funding cycles. Once again the influence of the state in generating isomorphic changes in the public education field is evident.

(5) The greater the extent of professionalisation in a field, the greater the amount of institutional isomorphic change.

The logic behind this hypothesis is that professionals undergo a socialisation process during their university or university equivalent programs, where the reigning norms and dominant organisational models in the field are internalised. Relational networks are then further strengthened once in practice by professional associations. If the organisations within a field are populated by staff trained in common methods then it would be reasonable to expect that those common approaches to be widely adopted within the field.

DiMaggio and Powell claim that the extent of professionalisation can be measured by 'the universality of credential requirements, the robustness of graduate training programs and the vitality of professional and trade associations' (1983, p.156). On any of these measures the

public education field is highly professionalised. All applicants for teaching positions at public schools must have successfully completed at least four years of tertiary education accredited by a department of education. In recent times institutes of teaching have been established in both NSW and Victoria to more formally monitor the professional development of beginning teachers in particular. This has been accompanied by significant increases in monies available for the ongoing professional development of teachers. Aside from the almost universal membership of teaching unions, many teachers are also members of discipline based professional associations.

(6) The greater the extent of structuration of a field, the greater the degree of isomorphics.

The final hypothesis to be considered continues the discussion from the third hypothesis on organisational models. Essentially it claims that fields with stable and broadly acknowledged status orders will be more homogeneous because they are more easily emulated. It has already been established that the public education field, and the organisations within it, is highly structured. As canvassed in discussion on the first two hypotheses this has a great deal to do with the field's dependency on the bureaucracy of government agencies.

The almost identical structuration of both schools has resulted in a similar structured approach to developing and implementing financial management policies. Generally they are developed by the school principal and the finance committee and implemented by head teachers and administration staff. The policy for allocating the curriculum budget is an example of this structured approach in action. As outlined in section four, the finance committees and the principals determined that faculties are funded on the basis of need. Head teachers, with input from their classroom teachers, make applications for funding. Once approved head teachers, with support from administrative staff are responsible for

monitoring appropriate expenditure of that approved funding. Certainly there is evidence to suggest that highly structured organisations generate policies and practices that look similar.

6. Conclusion

It has been noted that financial management policies are substantively similar at two schools with differing levels of financial autonomy. Although the hypotheses of institutional isomorphism were not empirically tested, a consideration of them with reference to the original research findings has advanced them as a plausible explanation for homogeneity in apparently different organisations. Some may question whether large public schools with differing levels of financial autonomy actually constitute different organisations. If largely decentralised public schools end up looking no different in operation to centralised schools then the merits of undertaking SBM should be questioned. The heavy influence of government bureaucracy in public education may well be blunting the effectiveness of initiatives such as SBM. Further research in this area is therefore warranted. In concluding his own research into the impact of school based management Dempster (1999) remarked that 'whatever the management arrangements in schools, they will never be immune from external policy directives' (p. 62).

A key limitation of the research presented in this paper is its focus on one, albeit important, dimension of financial management—policy. DiMaggio and Powell acknowledge that organisations 'in a field may be highly diverse on some dimensions, yet extremely homogenous on others' (1983, p. 156). To better inform the debate about the merits of SBM and indeed the merits of institutional theory, other dimensions of financial management at more schools in different systems need to be analysed in a similar manner.

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Appendix

Table 1 Selected key statistics of sample selected

Statistic	Source	NSW	Victoria
LGA size (2001 census)	<i>2001 Census</i>	19,197	25,667
Enrolment (7-12)	<i>DET</i>	1,083	1,116
Staff teaching numbers	<i>School staff list</i>	78 teaching	87 teaching
Staff general numbers	<i>School staff list</i>	22 general	18 general
School level turnover – 2005	<i>School budget</i>	\$961k	\$7,527k
Other 7-12 schools in LGA (with student numbers)	<i>2001 Census and DET</i>	1 Catholic (350)	1 Govt HS (350) 1 Catholic (620) 1 Anglican (>200)

Table 2 Profile of research participants

	NSW	Victoria
Principal	1	1
Deputy Principal	1	2
Head teacher	2	1
Classroom teacher	2	0
Administration staff	2	1
Business Manager	n/a*	1
Finance Committee Chair	n/a**	1
TOTAL	8	7

* No equivalent Business Manager position at the NSW School. Some of a business manager's tasks are fulfilled by the Senior Administration Officer.

** Principal of NSW school undertakes finance committee chair role.