

Stakeholder Alignment

All business, markets, and successful endeavours align the desire with outcomes. When we expect mere humans to take actions for the sheer benefit of others, and not entirely in their own interests, we consider this virtuous behavior. Market systems and well-operating businesses do not rely on virtue to be successful, they rely on alignment of benefit to goals. Successful systems reward good work and correct bad decisions.

Education is a system whose effectiveness is no different than any other well-functioning system. All stakeholders in education need to experience benefit from positive academic outcomes and receive a little adversity from poor outcomes.

The education system is misaligned in the following ways:

- Teachers are provided fixed pay, their job performance is immaterial. There is absolutely no incentive to go the extra mile to help out a particular student or to improve in teaching ability.
- Teacher's continuous learning requirements are developed by college professors who are not in the classroom, while education researchers and politicians keep piling good ideas onto teachers so they can do better, but never test their ideas out on their own children first.
- Administration executives are hired based on their ability to manage union negotiations, compliance with regulations, and lead a large, complex organization. There are few superintendents with pay structures that reward improved academic outcomes.
- School funding is based on the number of students who show up to school each day. Schools make more money by enrolling more and more students, and by harshly punishing absences. The funding model makes super-large schools the most financially attractive, students have long commutes, and become just one person in a huge crowd.
- School boards have to rely on the superintendent for most decisions since the complexity of regulation and difficulty of union negotiations is beyond the grasp of the average elected parent. Big schools are just too complex for average-qualified parents to make a difference.
- The Parent is now the adversary of the teacher, no longer the partner. The systems are so complex and calcified that when a parent wants the system to bend to the needs of the individual student, the system can't and the teacher is blamed.

With such misalignment of incentives and outcomes, it is fair to conclude that the virtue of participants is the only reason why some students learn at all. When the community and family takes back the responsibility of educating students, the outcomes will be properly aligned so that students get a solid education.

Now let's imagine a teacher running a school as small business, where the teacher is the owner-operator.

- The teacher would like to increase the number of clients, and so must establish a good reputation as a great teacher.
- Because each client matters to a small business, every student is very important to the teacher.
- The parents are paying tuition, and so they are properly incentivized to bring their students to school on time.
- The business must deliver results, and demonstrate to parents improved educational outcomes, or else why would the parent pay the bill.
- There is distant administrator making financial decisions that affect the students, the teacher who knows the students manages the business finances to the benefit of the desired outcomes.
- The budgets are simple enough to manage.

Now let's imagine many, many different small business schools.

- When there is a clash of personalities, parents can just switch their students to different small business, one who synchronizes better with the family.
- Families can self-sort according to their needs, so that one size does not fit all.
- This is more than school choice, this is teacher choice, direct choice on the environment students experience.

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