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The Market Works

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“If you are offered free fruit and vegetables at the market, you know they will be rotten. If you want fresh produce, then you have to pay for it.”

This observation from a Kenyan mother describes in a nutshell why millions of parents in slums across the developing world choose to forego free public education and send their children to low-cost private schools.

Ground-breaking research from Dr Pauline Dixon, Director of Research at the EG West Centre at Newcastle University in Britain, has contradicted conventional wisdom that private education is the sole province of the elite.

Private schools exist in the poorest communities in the world. They are better than public schools. And they are enormously popular.

Dixon’s research began in Hyderabad, India in 2003 and initially consisted of her and her team mapping in detail the Bandlaguda, Bhadurpura and Charminar slums of which there are 800,000 inhabitants over 19 square miles. They then walked down every road, laneway and alleyway and marked on their map every school they came across. Following this, they conducted in-depth interviews, observations and research into each school.

What they found was staggering.

Despite the slum being desperately poor, 60 per cent of the schools were private and charged fees. These private institutions serviced 250,000 children from nursery school to class 10 (children from five to 15 years old). In subsequent years, Dixon’s research reached similar conclusions in other slums in India and impoverished communities in Nigeria, Ghana, Kenya and China.

Typically, enrolment at the institutions examined by Dixon had fees of between 2-4 British pounds per month. Put another way, school fees constituted approximately six per cent of an auto-rickshaw driver’s wages. And 80 to 90 per cent of the private schools were operated by an individual proprietor.

Significantly, many of these private schools are unregistered, meaning students that attend them aren’t included in official education statistics. For example, in Lagos state in Nigeria, Dixon’s research found that 577,024 children—a third of all students—were being educated in unrecognised private schools. However, according to the Nigerian government, these children are not attending school.



Estimates from the international community on how many children don't attend school hover between 100 and 130 million. However, these figures are brought into question by Dixon's research. Though admitting that it is difficult to put a figure on the number of children attending unrecognised schools worldwide, Dixon says, 'In my view there are millions of children not in official statistics that are going to low cost unrecognised schools in India and Africa.'

Although many would claim that unregistered and unrecognised schools would surely be of a lower quality than the government schools operating alongside them, the opposite is the case.

Dixon's research found that teachers in private schools spent more time teaching. They were better trained and more motivated. Teachers in government schools in the areas where her research focused were at best simply supervising the class, or at worst could be found reading newspapers, idly eating nuts, drunk, or not supervising at all. This is despite the fact that teachers in private schools are paid approximately one third of those in public schools.

In addition, private schools were more likely to have drinking water, electricity, blackboards, and other learning equipment. And perhaps most surprisingly of all, class sizes in private schools were half the size of those in public schools.

This vast gulf in teaching standards and facilities was borne out in the students' academic performance. Dixon carried out testing in maths, English, mother tongue and a range of other subjects on 24,000 students from both public and private schools. Even allowing for variables such as the student's intelligence and the support the student received from home, the results were clear: students from private schools outperformed students from government schools in every area.

Admittedly, it is as yet unknown what happens to the students of private schools once they graduate. Do they go on to further education? Are they more likely to find a job? As Dixon says, 'I think that's a study waiting to be done, a longitudinal one following the children we have tested in 2003-2004. In India children from private schools have a better chance because they are able to read, write and speak in English.'

Dixon identified accountability as the key reason for the superior performance of private schools. Parents feel that because they pay a fee, they are entitled to a say in their child's education. This is certainly not the case with government schools in the same communities where complaints invariably fall on deaf ears, or on well-meaning school officials whose hands are tied by regulation or lack of funding.

And, as is the case when consumers are able to exercise choice in a free market, competition and the profit imperative mean that the product is of a higher standard. As Dixon says, 'There is so much competition that they have to keep on top of the situation by being effective and efficient or parents will be able to choose another school. In India, there are literally schools in the same lanes as each other.'



In short, the superiority of private education in slum areas is the definition of a free market success story.

Along with her research and work at Newcastle University, Dixon is involved with a British organisation called Absolute Return for Kids (ARK) which aims to give private education in slum areas a helping hand.

As many of these schools are unrecognised by their governments, it is difficult for them to access affordable finance to improve facilities and to expand. ARK works to overcome these issues with cheap loans and microfinance.

In addition, although these private schools are low-cost and affordable for the majority of slum-dwellers, in some instances they are out of reach for the absolute poorest of the poor (for example, students whose parents are disabled and unable to work). ARK is building a voucher system for these circumstances so that these children can move beyond the limited opportunities provided by the government system.

ARK also provides training in innovative pedagogy to the teachers of low-cost private schools in slum areas. This is of particular use in the teaching of English.

Unfortunately, a great deal of the enormous amount of money poured into international aid to improve education in the developing world misses the mark. Too much of it is dedicated to trying to reform the vast bureaucracies of ineffective government education programs. Many international aid agencies fail to recognise that parents in slums have voted with their feet. They would do well to take note of the work carried out by ARK which honours the choices made by parents.

As Dixon quite rightly points out, 'having the chance to go to a school where teachers teach, and actually care is very important.'

Millions of parents in the world's poorest areas agree.