Conceptualising financial literacy: an ethnographic study of school governors

This item was submitted to Loughborough University's Institutional Repository by the/an author.

Additional Information:

- A Doctoral Thesis. Submitted in partial fulfillment of the requirements for the award of Doctor of Philosophy of Loughborough University.

Metadata Record: https://dspace.lboro.ac.uk/2134/6977

Publisher: © Carolynne Mason

Please cite the published version.
This item is held in Loughborough University’s Institutional Repository (https://dspace.lboro.ac.uk/) and was harvested from the British Library’s EThOS service (http://www.ethos.bl.uk/). It is made available under the following Creative Commons Licence conditions.

For the full text of this licence, please go to: http://creativecommons.org/licenses/by-nc-nd/2.5/
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abstract of thesis</td>
<td>8</td>
</tr>
<tr>
<td>List of Figures</td>
<td>10</td>
</tr>
<tr>
<td>List of Tables</td>
<td>11</td>
</tr>
<tr>
<td>List of Abbreviations</td>
<td>12</td>
</tr>
<tr>
<td>Useful Website Addresses</td>
<td>13</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>14</td>
</tr>
<tr>
<td>Dedication</td>
<td>15</td>
</tr>
<tr>
<td>Structure of thesis</td>
<td>16</td>
</tr>
<tr>
<td>Introduction to thesis</td>
<td>17</td>
</tr>
<tr>
<td><strong>Chapter 1 Introduction and Literature Review</strong></td>
<td></td>
</tr>
<tr>
<td><strong>1.1 Introduction</strong></td>
<td>19</td>
</tr>
<tr>
<td><strong>1.2 Becoming involved in the study</strong></td>
<td>20</td>
</tr>
<tr>
<td><strong>1.3 Review of financial literacy literature</strong></td>
<td>21</td>
</tr>
<tr>
<td><strong>1.4 Financial awareness</strong></td>
<td>25</td>
</tr>
<tr>
<td>1.4.1 Introduction</td>
<td>25</td>
</tr>
<tr>
<td>1.4.2 Financial awareness and shareholders' use of annual reports</td>
<td>25</td>
</tr>
<tr>
<td>1.4.3 Financial awareness and employee share ownership schemes</td>
<td>27</td>
</tr>
<tr>
<td>1.4.4 Financial awareness and managers within the National Health Service (NHS)</td>
<td>30</td>
</tr>
<tr>
<td>1.4.5 Summary of the Cardiff studies examining financial awareness</td>
<td>33</td>
</tr>
<tr>
<td><strong>1.5 Financial awareness or financial literacy?</strong></td>
<td></td>
</tr>
<tr>
<td>1.5.1 Introduction</td>
<td>34</td>
</tr>
<tr>
<td>1.5.2 Literacy</td>
<td>34</td>
</tr>
<tr>
<td>1.5.3 The importance of literacy</td>
<td>35</td>
</tr>
<tr>
<td>1.5.4 Illiteracy</td>
<td>37</td>
</tr>
</tbody>
</table>
1.5.5 What is literacy? 38
1.5.6 Meaning making 39
1.5.7 Other aspects of literacy 42
1.5.8 Conceptualising literacy 44

1.6 Other kinds of literacy
1.6.1 Introduction 46
1.6.2 Use of the term literacy 46
1.6.3 Literacy used in other contexts 47
1.6.4 Emphasis on skills rather than understanding 48

1.7 Conceptualising financial literacy 52

1.8 Financial literacy, financial awareness and financial capability 54

1.9 Conclusion 58

Chapter 2 Choosing a Research Approach

2.1 Introduction 59
2.2 Choosing a qualitative research approach 60
2.3 Discovering ethnography

2.3.1 Introduction 64
2.3.2 Why use an ethnographic research approach? 66
2.3.3 The history of ethnography 71

2.4 Reflexivity 76
2.5 Generalisability and theory development 80
2.6 Conclusion 82

Chapter 3 Data gathering and fieldwork design

3.1 Introduction 86
3.2 Choosing a setting 87
3.3 Formulating a design for data gathering

3.3.1 Introduction 90
3.3.2 Pre-fieldwork stage—developing the foreshadowed problem 91

3.4 Which schools?

3.4.1 Introduction 95
3.4.2 Which types of school? 96
3.4.3 Engaging the schools 101

3.5 Interviews

3.5.1 Introduction 106
3.5.2 Arranging the interviews 106
3.5.3 Development of the interview schedule 108

3.6 Choices in data gathering

3.6.1 Introduction 111
3.6.2 Resource constraints 111
3.6.3 Fieldnotes 112
3.6.4 Effects of the presence of the researcher 113

3.7 Conclusion 114

Chapter 4 Making sense of the data

4.1 Introduction 118

4.2 Making sense of the data—moving from data to text

4.2.1 What is sense-making? 121
4.2.2 Aims of the sense-making process 125
4.2.3 Strategies for making sense of the data 127

4.3 Representation 133
4.4 Legitimation—claims for authority 135
4.5 Presenting the findings—writing 138
4.6 Making sense of the data gathered for this study 141
4.7 Conclusion 144
Chapter 5  Desired outcomes – an examination of the role of school governors

5.1  Introduction  

5.2  Examining the role of school governors  
5.2.1  Introduction  
5.2.2  The role of school governors  
5.2.3  Governors' own views of their role  
5.2.4  Changing the expectations placed on governors  

5.3  School governors and the school's financial resources  
5.3.1  Introduction  
5.3.2  Financial responsibility and school governors  
5.3.3  Financial literacy and school governors  

5.4  Procedures for making decisions with financial consequences  
5.4.1  Sub-committee structure  
5.4.2  Finance sub-committee  
5.4.3  Managing the school budget  
5.4.4  Governors not on the finance sub-committee  

5.5  Conclusion  

Chapter 6  Informed decisions - Decisions with financial consequences and limited financial resources

6.1  Introduction  

6.2  Decisions with financial consequences  
6.2.1  Introduction  
6.2.2  Limited resources and financial consequences  

6.3  Limited funding  
6.3.1  Governors' views of school funding  
6.3.2  Inequality in funding between schools  
6.3.3  Inflexibility of school funding
6.3.4 The effect of limited funds on the way the school operates 188
6.3.5 Lack of funding and quality of education 191
6.3.6 Long-term effects of lack of financial resources 194

6.4 Informed decision-making
6.4.1 Introduction 195
6.4.2 Managing the school's financial resources 196
6.4.3 Budgeting and Strategy 200

6.5 Governors' response to lack of funding 205

6.6 Conclusion 211

Chapter 7 Conceptualising financial literacy – a sense-making process

7.1 Introduction 213

7.2 The usefulness of the model
7.2.1 Introduction 215
7.2.2 The decision to become Grant Maintained - An example of a decision with financial consequences 215
7.2.3 Characteristics of financially literate behaviour 219
7.2.4 An alternative view of a decision with financial consequences 221

7.3 Sense-making
7.3.1 Introduction 225
7.3.2 Characteristics of sense-making 226
7.3.3 Governors' comments on the recognition of financial consequences of decisions 231
7.3.4 Financial information as social construction 237
7.3.5 Financial literacy and sense-making 239
7.4 A conceptualisation of financial literacy

7.4.1 Introduction
7.4.2 Managing ambiguity and equivocality
7.4.3 Revisiting the proposed model of financial literacy

7.5 Conclusion

Chapter 8 Governors’ sense-making and financial literacy

8.1 Introduction
8.2 Re-examining a decision with financial consequences
8.3 The substance of sense-making
8.4 Cues and frames in governors’ sense-making

8.4.1 Introduction
8.4.2 The substance of governors’ sense-making
8.4.3 The impact of the head teacher on governors’ sense-making

8.5 Financial literacy – The role of cues and frames
8.6 Conclusion

Chapter 9 Financial literacy – a new era?

9.1 Introduction
9.2 Summary of Thesis
9.3 Main contributions of the study
9.4 Implications of the choices made whilst conducting the study
9.5 Recommendations for further work
9.6 Conclusion

BIBLIOGRAPHY
APPENDICES

Appendix A  Peel et al. (1991)  Finance Quiz
Appendix B  Marriott and Mellet (1991)  Finance Quiz
Appendix C  Governing Body Decision Planner
Appendix D  Letter to the headteacher of School A asking for ‘research based dialogue’
Appendix E  Document presented to governing bodies by the headteacher outlining the study
Appendix F  Anonymised extracts from School A and School B’s OFSTED reports
Appendix G  Notes from the first Finance Sub-committee meetings attended
Appendix H  Details of one-to-one interviews with governors
Appendix I  Interview Schedule
Appendix J  An example of a transcribed interview
Appendix K  List of codes generated using ‘The Ethnograph’
Appendix L  NAHT Survey and Analysis of LEA Budget statements
Abstract of Thesis

Submitted by Carolynne Mason in partial fulfilment of the requirements of Loughborough University for the degree of Doctor of Philosophy entitled

Conceptualising Financial Literacy – an ethnographic study of school governors

January 2003

Keywords: Financial literacy, financial awareness, ethnography, reflexivity, school governors, decisions with financial consequences

Financial literacy is perceived as important and yet what does the term financial literacy actually mean? An exploration of literature examining aspects of individuals' financial literacy in particular contexts found a conceptualisation to be absent despite the term being adopted widely. This study addressed this omission and sought a conceptualisation of financial literacy. A reflexive, ethnographic approach was adopted for this exploratory study which examined the experiences of school governors. The study explored a proposed model of financial literacy as a meaning-making process.

A conceptualisation of financial literacy as a sense-making process is offered latterly, where financial literacy is conceptualised as a process involving individuals constructing and making informed decisions with financial consequences. The aim of individuals taking these decisions is to achieve desired outcomes. The conceptualisation is necessarily offered tentatively as a result of the exploratory nature of the study.

Acceptance of the conceptualisation offered requires serious revisions in the way financial literacy is currently understood. This thesis argues that financial literacy is a construct relevant to the social world which is characterised by equivocality and ambiguity. The governors in this study engaged in sense-making in order to make the environment sensible. This required governors to seek plausible solutions rather than
accurate ones, although there was little evidence to support the view that they recognised this. Financial literacy has previously been concerned with accuracy, rather than plausibility. This thesis argues that it is time for a new era for financial literacy where financial literacy is conceptualised as a sense-making process seeking plausibility rather than accuracy in environments characterised by ambiguity and equivocality.

The usefulness of the conceptualisation of financial literacy offered in this thesis is in need of further exploration. The relationship between financial literacy and other terms, such as financial awareness and financial capability, was found to be poorly understood and in need of further clarification.
List of Figures

Figure 1.1 Literacy viewed as a meaning making process 41
Figure 1.2 Financial Literacy viewed as a meaning-making process 54
Figure 3.1 Summary of Data Gathering Activities 115
Figure 4.1 Fielding’s Data Analysis procedure 128
Figure 4.2 A Model of Qualitative Data Analysis (Siedel 1998) 130
Figure 4.3 Hammersley and Atkinson’s approach to ethnographic data analysis (Summarised from Hammersley and Atkinson (1983a)) 131
Figure 4.4 Mind reading – conceptual analysis (Summarised from Shweder (1996)) 133
Figure 4.5 The development of an ethnography 139
Figure 4.6 Making sense of the data 143
Figure 5.1 The function of school governing bodies 157
Figure 5.2 The role of school governors – facilitating quality education provision and the functions this involves 161
Figure 5.3 Local Authority Delegation of Funding to Schools (Source: NGC Trigger Pack, (1999)) 163
Figure 5.4 The sub-committee structure of the governing bodies of School A and School B 170
Figure 6.1 The decision to maintain vending machines in school 181
Figure 7.1 The decision to become grant maintained 217
Figure 7.2 Characteristics of financially literate behaviour 220
Figure 7.3 Governors’ response to limited resources 223
Figure 7.4 The Characteristics of Sense-making (summarised from Weick 1995) 226
Figure 7.5 A revised model of financial literacy viewed as a sense-making process 246
Figure 8.1 The making of meaning (adapted from Wieck (1995)) 255
List of Tables

Table 1.1  Literacy – Definition, characteristics, pre-requisites and outcomes  45
Table 3.1  Phases in Data Collection  91
Table 3.2  Preliminary Interviews Conducted  93
Table 3.3  The characteristics of the four types of state maintained school (ATL 1999)  99
Table 3.4  Characteristics of School A and School B  104
Table 3.5  Summary of interviews undertaken and meetings attended  108
Table 3.6  Issues requiring attention when writing fieldnotes (Summarised from Fielding (1993))  112
Table 4.1  Strategies employed in making sense of qualitative data (Summarised from Fetterman (1989))  129
Table 6.1  Aspects of planning and budgeting in schools following LMS  201
Table 7.1  Characteristics of Ambiguous, Changing Situations (McCaskey (1982))  244
Table 8.1  The Vocabularies of Sensemaking (summarised from Weick (1995))  254
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATL</td>
<td>Association of Teachers and Lecturers</td>
</tr>
<tr>
<td>AWPU</td>
<td>Age Weighted Pupil Unit</td>
</tr>
<tr>
<td>DASG</td>
<td>Derbyshire Association of School Governors</td>
</tr>
<tr>
<td>DfEE</td>
<td>Department for Education and Employment (now Department for Education and Skills (dfes))</td>
</tr>
<tr>
<td>FAS</td>
<td>Funding Agency for Schools</td>
</tr>
<tr>
<td>GM</td>
<td>Grant Maintained</td>
</tr>
<tr>
<td>ISB</td>
<td>Individual Schools Budget</td>
</tr>
<tr>
<td>LEA</td>
<td>Local Education Authority</td>
</tr>
<tr>
<td>NAGM</td>
<td>National Association of Governor Managers</td>
</tr>
<tr>
<td>NAHT</td>
<td>National Association of Head Teachers</td>
</tr>
<tr>
<td>NDAD</td>
<td>UK, National Digital Archive of Datasets</td>
</tr>
<tr>
<td>NGC</td>
<td>National Governors’ Council</td>
</tr>
<tr>
<td>OFSTED</td>
<td>Office for Standards in Education</td>
</tr>
<tr>
<td>pfeg</td>
<td>Personal Finance Education Group</td>
</tr>
<tr>
<td>QCA</td>
<td>Qualifications and Curriculum Authority</td>
</tr>
<tr>
<td>QDA</td>
<td>Qualitative Data Analysis</td>
</tr>
<tr>
<td>SDP</td>
<td>School Development Plan</td>
</tr>
<tr>
<td>SSF</td>
<td>School Standards Fund</td>
</tr>
<tr>
<td>VA</td>
<td>Voluntary Aided School</td>
</tr>
<tr>
<td>VC</td>
<td>Voluntary Controlled School</td>
</tr>
</tbody>
</table>
## Useful Website Addresses

<table>
<thead>
<tr>
<th>Organization</th>
<th>Website URL</th>
</tr>
</thead>
<tbody>
<tr>
<td>OFSTED</td>
<td><a href="http://www.ofsted.gov.uk">www.ofsted.gov.uk</a></td>
</tr>
<tr>
<td>BBC News</td>
<td><a href="http://news.bbc.co.uk">http://news.bbc.co.uk</a></td>
</tr>
<tr>
<td>DfES School Governors' Gateway</td>
<td><a href="http://www.dfee.gov.uk/schoolgovernors/index.htm">www.dfee.gov.uk/schoolgovernors/index.htm</a></td>
</tr>
<tr>
<td>Financial Services Authority</td>
<td><a href="http://www.fsa.gov.uk">www.fsa.gov.uk</a></td>
</tr>
<tr>
<td>National Association of Governor Management</td>
<td><a href="http://www.nagm.org.uk">www.nagm.org.uk</a></td>
</tr>
<tr>
<td>National Association of Head Teachers</td>
<td><a href="http://www.naht.org.uk">www.naht.org.uk</a></td>
</tr>
<tr>
<td>National Governors' Council</td>
<td><a href="http://www.ngc.org.uk">www.ngc.org.uk</a></td>
</tr>
<tr>
<td>National Digital Archive of Datasets</td>
<td><a href="http://ndad.ac.uk">http://ndad.ac.uk</a></td>
</tr>
<tr>
<td>pfeg</td>
<td><a href="http://www.pfeg.org">www.pfeg.org</a></td>
</tr>
<tr>
<td>The Times</td>
<td><a href="http://www.thetimes.co.uk">www.thetimes.co.uk</a></td>
</tr>
<tr>
<td>Qualifications &amp; Curriculum Authority</td>
<td><a href="http://www.qca.org.uk">www.qca.org.uk</a></td>
</tr>
</tbody>
</table>
Acknowledgements

There are a number of people without whom this thesis would never have been completed and to whom I am enormously indebted. Firstly, I thank Professor Richard M.S. Wilson who first encouraged my interest in financial literacy. Dicks’ academic generosity ensured the development of that interest. His unfaltering encouragement and support has been an enormous source of strength throughout the last four years. In addition, I would like to thank my Director of Research, Professor Barry Howcroft and my Independent Panel Member, Professor John Arnold who both ensured that panel meetings were always challenging and lively, never a dull formality.

There are a number of individuals who were enormously helpful in facilitating the fieldwork for this study. I am particularly grateful to the head teachers who welcomed me into their schools and introduced me to their governors. I am also very grateful to all the governors who participated in the study and who were so generous with their time.

I also wish to thank my family - my parents, David and Diana and my in-laws, Joan and David, - whose child-minding, domestic support and encouragement was invaluable. Alex, Lydia and Freya, I thank you for keeping my feet on the ground and for always providing me with an opportunity to have fun. Finally, I thank my husband Simon for his unfaltering support, both emotionally and practically, and for never allowing me to take anything in life too seriously.
Dedication

Dedicated to the loving memory of Edgar and Mary Oldham whose lifelong love of learning was inspirational.
Structure of Thesis

**Introduction to financial literacy**
- Existing interest in, and studies concerned with, financial literacy and financial awareness are examined
- Finding a conceptualisation of financial literacy to be lacking a tentative model of financial literacy is offered which underpins the remainder of the study

**Planning the exploration of the proposed model**
- Choosing an appropriate research approach
- Planning data gathering activities and a fieldwork design
- Exploring ways to making sense of the data gathered

**Exploring the proposed model**
- Examination of the desired outcomes of school governors
- Examination of decisions having financial consequences

**A conceptualisation of financial literacy is offered**
- The proposed model is revised and financial literacy is conceptualised as a sense-making activity
- The plausibility of the conceptualisation is examined through an exploration of the way in which governors sense-make

**Conclusions and recommendations**
- Summary of main findings
- Examination of main outcomes
- Recommendations for future work
Introduction to the thesis

The aim of this thesis is to offer a conceptualisation of financial literacy. This aim is one that was not apparent at the outset of the study; instead it developed over the initial stages of the study.

Chapter 1 outlines why it was thought that there was a need for a conceptualisation of financial literacy. It begins by charting the origins of the interest in financial literacy that resulted in this study. The chapter then continues by offering an outline of work that has been undertaken by others with an interest in financial literacy and financial awareness. In response to the questions raised by this review the nature and meaning of literacy is examined. Ideas gained from this body of knowledge were utilised in order to offer a proposed model of financial literacy.

The efforts beyond Chapter 1 are dedicated to examining the usefulness of this model. Chapter 2 describes why it was that an ethnographic approach was adopted for this study. The implications of adopting such an approach are also discussed here.

A description of the fieldwork design and data gathering activities is offered in Chapter 3 and Chapter 4 examines the way the resultant data was made sense of.

Chapters 5 and 6 offer the ‘findings’ from the study which provide the basis for the conceptualisation offered in Chapter 7. Chapter 8 examines the usefulness of the conceptualisation of financial literacy offered in Chapter 7 looking in particular at the sense-making of school governors. Finally, Chapter 9 offers a summary of the thesis and a discussion of the implications of decisions made during this study. It also discusses the outcomes of this study and suggests some recommendations for future work as a result of the study.
Style of the thesis

As will become apparent as the thesis progresses this study, undertaken from a social constructionist perspective, became a very personal journey. Since the thesis aims to record this journey a personal writing style has been adopted where appropriate.
Chapter 1 Introduction and Literature Review

1.1 Introduction

As already noted the theme of this study is financial literacy. At the outset of the
study it was anticipated that the study might possibly involve:

1. Identifying the level of financial literacy amongst target groups (e.g.
MPs, Councillors, Members of the Chartered Institute of Marketing)

2. An examination of the assumptions made by compilers of financial
information accepting a distinction between the users of financial
reports and compilers of financial reports.

It was suggested that as a result of this work, educational and training programmes
could be developed to improve communication between the compilers and the users
of financial information in the hope of developing individuals' financial literacy.

Work had already been undertaken by other researchers examining financial
awareness and financial literacy in various contexts and it was anticipated that this
study would build on those foundations. As a result of reviewing this body of
literature, however, the study evolved in a way that was not originally anticipated. It
became apparent that the terms ‘financial literacy’ and ‘financial awareness’ were
ones that were adopted widely and yet definitions of these terms were rarely offered.

The literature review raised far more questions than it answered. An early aim of the
study had been to measure levels of financial literacy and yet it was not even clear
what it meant to be financially literate. Were such terms as financial awareness and
financial literacy synonymous? Any attempt to operationalise financial literacy
seemed premature given the lack of an adequate conceptualisation.

The focus of the study therefore shifted. The aim of the study became to conceptualise
financial literacy in the belief that such a focus had been sorely neglected in the past.
The interest in financial awareness and financial literacy within the academic community and beyond is described in the early sections of Chapter I and yet there was no conceptualisation offered by any of these interested parties. How could I hope develop an understanding of financial literacy without any conceptualisation of the term? I believed it was crucial to address this omission in the belief that any contribution towards understanding financial literacy could only be made once a conceptualisation had been developed.

The remainder of Chapter I documents the early stages of this study. Section 1.2 outlines the beginnings of the study and how my own involvement began. Section 1.3 identifies work focussing on the financial literacy of consumers of financial products and Section 1.4 examines work conducted by researchers at Cardiff University during the 1990s. These researchers were interested in the recipients of financial information, their use of financial information and the implications of this usage. The examination of this literature raised a number of questions about financial literacy.

Section 1.5 examines in greater detail usage of the term 'literacy'. It responds to the question: Is financial literacy synonymous with financial awareness? It is argued that the two terms are not synonymous. Since this study was, from the outset, a study about financial literacy the focus shifted to examine the term literacy. Is the phenomenon of interest financial literacy (as opposed to financial awareness for example)? If so, then why? It was noted that the term literacy is adopted in a number of different contexts. This literature is also reviewed in Section 1.6. This review supported the idea that it was financial literacy that was of primary interest.

Section 1.7 offers a model of financial literacy in which it is proposed that financial literacy should be viewed as part of a meaning-making process. This model underpins the remainder of the study. Finally, Section 1.8 examines the relationship between financial literacy, financial awareness and financial capability.

1.2 Becoming involved in the study

As so often happens with research my involvement in this study began as a result of my being in the right place at the right time. Professor Richard MS Wilson developed
a research proposal highlighting a need to examine financial literacy. This proposal was approved by The Accounting Education Research Centre (AERC) which considered the project worthy of funding. The initial interest in financial literacy stemmed from the recognition that every responsible manager is involved in decisions relating to the acquisition, allocation and utilisation of resources. It was argued, therefore, in order to function effectively every manager would need to have a degree of financial literacy. The AERC offered a studentship in order to develop this proposal. My previous experience meant the proposal was of great interest to me and, following an interview, I was lucky enough to be awarded a studentship in order to develop and pursue the research proposal, under Professor Wilson's supervision.

1.3 Review of financial literacy literature

There is a noticeable lack of literature concerned with the financial literacy of managers within organisations. There is, however, a great deal of interest in the financial literacy of individuals. This is particularly true where individuals are viewed as consumers of financial products. Concern has been expressed about the ability of these consumers to make effective decisions (e.g. Schagen and Lines 1996; Jennings, Nelson & Boucher 1997). The evidence available suggests that financial information is used ineffectively to make decisions about financial products.

This concern, which is international, is exemplified by the existence of the Financial Literacy Centre at University of Warwick (UK) and also the existence of other bodies such as the National Endowment for Financial Education (USA), Financial Literacy Center (USA), and programmes such as Start Right Coalition for Financial Literacy (Canada) and the Jump$tart Coalition for Personal Financial Literacy (USA). In the UK the Money Management Council is involved in a number of projects aimed at raising the financial literacy of consumers.

The present government has recognised that there is a problem with public understanding of financial matters. In May 1997 the government announced it would create a single regulator for all financial firms and markets by merging the regulatory responsibilities of nine bodies. The resultant body is the Financial Services Authority (FSA). The FSA acquired its statutory powers under the Financial Services Act 1986,
the Banking Act 1987 and the Financial Services and Markets Act 2000. The FSA is charged with a statutory objective to promote public understanding of the financial system. In its consultation paper (1998) this statutory objective is referred to as 'consumer education'. (p. 3)

In May 1999 the FSA published its strategy to achieve this objective following a consultation process. The work was expected to fall under two main headings:

1. **Education for financial literacy** - to provide individuals with the knowledge, aptitude and skills base necessary to become questioning and informed consumers of financial services and manage their finances effectively.

2. **Consumer information and advice** - to provide impartial information and generic advice to help consumers to plan their finances and make informed choices, while not being prescriptive or recommending individual products and services, or telling people to save. (p. 4)

Although not made explicit in the strategy statement, the first of these objectives could be viewed as improving people's ability to seek out and use information whilst the latter is aimed at improving the quality of information. The first objective is seen as a long term one:

'In the long term our widely supported priority is to ensure that education for financial literacy is embedded in the education system for all children to help them leave school prepared for the rights and responsibilities of adult life. This is a necessary foundation for our work to promote public understanding to succeed.' (FSA, 1999: 4)

In order to become financially literate the FSA (1999) believes learners need to be given the following opportunities:

- to develop numeracy, literacy and IT skills in the context of personal finance;
• to develop an understanding of the nature and use of money in its various forms, including credit and debt;
• to learn how to access, interpret, question and evaluate financial information and advice;
• to learn about the consequences of personal financial decisions and about consumer rights and responsibilities; and
• to learn how to weigh up risks and benefits in order to choose appropriate solutions to particular personal financial needs.

The prime targets for the FSA have been identified as follows:

• The FSA believes embedding financial literacy within the school curriculum will have the greatest impact in the long term.

• The adult population will also be targeted, in both the short and long term. The FSA acknowledge that the groups most in need of educational material are those least likely to actively search for it. They intend to tailor the material to the level of understanding of the priority groups and investigate barriers that prevent individuals from taking advantage of the advice and information already available.

The FSA was involved in the development of the National Curriculum implemented in the academic year 2000. The DfEE (2000b, 2000c) published guidance on the introduction of financial capability education for schools for children at all Key Stages. The relationship between financial capability and financial literacy is examined in Section 1.8 below. In response to the question; ‘Why guidance on financial capability now?’ the DfEE (2000b:3) states:

‘As part of the development of the new National Curriculum for implementation in September 2000, the DfEE published a framework for Personal, Social and Health Education (PSHE) and Citizenship which repeated the Government’s wish to include financial capability as a topic at all key stages. In early 2000 Qualifications and Curriculum (QCA) published further
guidance for the delivery of PHSE and Citizenship. An important aspect of this is the teaching of personal finance to develop financial capability for all pupils. It is intended that this topic fits within existing structures and requires a change of emphasis within the existing curriculum rather than the introduction of a new subject matter.

The FSA (1998) has recognised that very little is currently known about 'current levels of public understanding and awareness of financial services and products' (p. 15). It intends to fill this research gap. It states that current information indicates:

- general low levels of financial literacy in the population;
- low general awareness of needs;
- low levels of understanding of what is available, and performance of different products;
- ignorance of where and how to find out what they need to know.

At first glance this approach towards financial literacy seems reasonable and yet closer scrutiny of the available research raises a number of questions. Despite the level of activity revolving around financial literacy, there does not appear to be any published material attempting to characterise a financially literate person. Advice is offered to those who are considered financially illiterate, yet what makes one person financially literate and the next person not? Centres dedicated to financial literacy aim to improve an individual's financial literacy because there is evidence that some individuals make poor use of financial information and this is blamed on financial illiteracy, but what does this actually mean? In what way are these latter individuals failing to use information available effectively? Why do they not understand it? Do they not understand it or do they simply not make use of it? Is the information presented in a way that is unhelpful? Do the individuals lack the necessary skills to analyse and interpret the information? Do they use other sources of information (such as the advice of friends and family) in lieu of making their own reasoned decisions? These questions and many others remain unanswered.
1.4 Financial awareness

1.4.1 Introduction

Whilst there is very little research dedicated to financial literacy there is a body of research looking at financial awareness. Researchers at Cardiff University have concerned themselves with examining financial awareness in various different contexts. The Cardiff researchers had very specific aims when conducting their work and these aims had nothing to do with generating a conceptualisation of financial literacy. Nonetheless, this work too raises questions about the way financial information is used by individuals and this necessarily has implications for developing a conceptualisation of financial literacy. Researchers at Cardiff University conducted three distinct bodies of work during the 1990s. These are examined below.

1.4.2 Financial awareness and shareholders' use of annual reports

Prior to an examination of the work conducted by the researchers at Cardiff mention needs to be made of work by Lee and Tweedie. Lee and Tweedie (1975a, 1975b, 1976, 1977) conducted surveys (interviews and questionnaires) of private shareholders in two UK companies. In both cases, Lee and Tweedie found that shareholders paid little attention to many parts of the annual reports of these companies. At the time these studies were conducted there was much concern about the value and quality of financial reporting. There were many changes within the financial reporting environment in response to this concern (e.g. the introduction of a cash flow statement, a statement of recognised gains and losses and an operating and financial review).

Bartlett and Chandler (1997) conducted a replication of Lee and Tweedie's work in order to examine whether these changes had affected the way the reports were read by shareholders. The main aim of their study was 'to gauge the extent of ordinary shareholders' reading of annual reports' (p.249). A questionnaire was sent to 300 randomly chosen private shareholders in a randomly chosen company (a large multinational pharmaceuticals company) which appeared in The Times Top 100 in 1994. The survey enquired about respondents' background and investment decisions, their
reading of the annual report, accounts and other information sources, and any additional shareholder needs.

Bartlett and Chandler conclude that the annual report is not widely read and few shareholders read the new statements. The narrative sections of the annual report have increased. When asked what other information shareholders would like to see disclosed there was very little agreement and Bartlett and Chandler suggest that "it is unlikely that general purpose annual reports are ever going to satisfy the widely differing needs of a large body of shareholders" (p.259).

One of the main reasons companies are required to produce annual reports is to provide information to shareholders which they can then use to influence their behaviour. Considerable effort is expended by companies to ensure that shareholders receive annual reports. Whatever the motivation for companies doing this the expectation is that shareholders will make use of the annual reports. In order to do this shareholders need to understand the information contained in the reports.

One possible use of the annual report is for shareholders to make investment decisions. It is suggested by Bartlett and Chandler (1997:p.247) that shareholders will use the financial information contained in the annual report to decide whether to increase, maintain or sell their shareholding in the company. Whether or not this is the case, Bartlett and Chandler's findings are important because they show that private shareholders are not reading annual reports despite considerable effort aimed at improving the presentation of information contained in annual reports.

It is clear from Bartlett and Chandler's work that small shareholders are not reading the majority of the financial information contained in financial reports. Despite this, 84% of respondents stated that they made their own investment decisions. If these shareholders are not reading the annual reports, on what are they basing their decisions? Do they feel confident that the small part of the annual report that they do read provides them with sufficient information to make effective investment decisions? The question of whether these findings can be generalised to other types of shareholders remains unanswered. Bartlett and Chandler's work suggests more emphasis needs to be placed on understanding firstly why some shareholders do read
annual reports whilst others clearly do not and, in addition, the process by which private shareholders make their investment decisions.

Companies are providing private shareholders with information they do not read. Private shareholders may not read this because they lack the skills to understand what is presented or they may feel that this information is not relevant to their decision-making. Does this lack of reading stem from a lack of understanding or from a lack of interest? Bartlett and Chandler point out that only 8% of these respondents were active investors (i.e. trading at least once a month). One possible explanation for this is that financial awareness is linked with activity (i.e. those who trade more are the ones who are financially aware).

Bartlett and Chandler found that the narrative sections of the annual report attracted the widest readership. Why is this? Are small shareholders more confident in dealing with words rather than with numbers? Again, is this due to a lack of skill or are the narrative parts just more interesting for small shareholders? Do investors actually understand the narrative sections of the report or do they just simply feel that they understand because they are capable of reading the words but are not actually familiar with the concepts behind the words?

1.4.3 Financial awareness and employee share ownership schemes

Peel and Pendlebury (1998) undertook a follow-up to a previous study (Peel et al. (1991)) they had conducted examining the relationship between employee share ownership and financial awareness. Many benefits potentially arise from employees owning shares in the company by which they are employed. Peel and Pendlebury (1998) were interested in one of these potential benefits, improved financial awareness. The purpose of the follow-up study was to examine whether the resulting opportunity for employee ownership 'led to an increase in the use by employees of information sources about the company's financial performance, in their perceived understanding of this information and to an improvement in their own performance in a multiple choice test of accounting and finance knowledge' (p.2).
Peel and Pendlebury examined financial awareness in terms of performance in a test of basic financial/accounting knowledge and comprehension. They accept that ‘financial awareness’ has many different meanings and could therefore be measured in a number of different ways yet they do not offer a conceptual definition on which their operational measure is based. Peel et al. (1991: 15) note their concentration on ‘just one specific aspect of financial awareness’ but also claim ‘other proxies for ‘financial awareness’ are also examined such as the frequency with which employees consult various sources of financial information.’ A copy of their financial skill quiz is included in Appendix A. The quiz is based on employees’ knowledge of traditional accounting terms and measurements. It is very narrow in focus. The quiz is also very short with seven questions in Section A and eight in Section B. For these reasons the usefulness of the test as a measure of financial awareness must be questioned.

The assumption held by the Conservative government from 1979 (Peel et al. (1991)) was that increased share ownership by employees would lead to greater financial awareness. This reflected the Conservative government’s commitment to the privatisation of formerly nationalised industries. In this study, however, there is no attempt to describe how it was expected that these employees would increase their financial knowledge. In what way would holding shares in the company improve employees’ level of financial awareness? Is it suggested that possession of shares would lead employees to read the financial press and assimilate knowledge that way? Alternatively, would receiving annual reports inspire them enough to go out and acquire financial knowledge in other ways?

One of the most interesting issues raised by Peel and Pendlebury is their suggestion that those with greater financial awareness are more likely to become members of the share ownership scheme rather than those who become members of the share ownership scheme becoming more financially aware (p. 45). This would tie in with one of the questions raised by the work of Bartlett and Chandler (1997): that is, is increased financial activity associated with increased financial awareness? Does increased financial activity lead to increased financial awareness or vice versa? Alternatively, both of these measures could be causally linked to other measures such as accounting experience or interest in financial matters.
Another interesting finding is that the employees in this study, like the shareholders in Bartlett and Chandler's work, preferred company news bulletins and magazines to annual reports. Again, this would indicate that there is a preference for narrative presentation rather than numeric. Do people feel more confident reading written text? It may be that narrative necessarily offers some kind of analysis of the financial information it reports. For individuals lacking in financial awareness this interpretation may seem very attractive. It is, however, a dangerous tack for individuals lacking financial awareness to rely solely on narrative reports. The narrative report may allow them to feel confident that they understand the information presented when, in fact, they do not: they may recognise the words rather than the concepts underpinning those words. This then would result in individuals failing to be able to use the information presented effectively or being able to criticise that information. There again appears to be a gulf between the information that is presented and the ability or willingness of the recipients to use the information effectively.

Both studies have found results which imply that annual reports are not well read or understood despite a considerable amount of effort aimed at achieving these objectives. These findings highlight the need to understand in far greater detail exactly how individuals come to be in a position where they are able to analyse and understand financial information. The results have contributed towards understanding more about financial awareness but they also signal that financial awareness is a complex issue.

Another problem with both of these studies is that there is no discussion of the causes and consequences of a lack of financial awareness. Why are these individuals unable/unwilling to make use of annual reports? What are the implications of their not using the information with which they have been presented? Without knowing the answers to these questions, any understanding of financial awareness is severely limited.
1.4.4 Financial awareness and managers within the National Health Service (NHS)

Marriott and Mellett conducted a series of studies examining the financial awareness of NHS managers. They were interested in this topic due to the introduction of an internal market to the NHS. This meant that decisions with financial consequences within the NHS are often made by those with a clinical training rather than a financial training. Marriott and Mellett conducted studies (1991, 1994, 1995, 1996) aimed at assessing the adequacy of managers in the NHS to make these decisions. They were concerned that incorrect financial decisions could be made.

In 1991, Marriott and Mellett conducted a pilot study from which they concluded:

"There exists a gap between managers’ financial skills and those which will be needed to operate efficiently the novel procedures in the reformed NHS. Managers are aware of these shortcomings, and are keen to redress the balance.....The full extent of the need for financial training within the NHS has not been identified ........ Unless these steps are taken the NHS will not operate to its potential as those taking decisions will not be in a position to make full or appropriate use of the information available.” (p.23)

One of the main contributions of this group of studies is that it has highlighted a lack of financial awareness on the part of managers within the NHS. This is of particular importance as managers with no requirement to be financially trained are required to make decisions with financial consequences without necessarily possessing the skills they need to be able to do this effectively. This situation may be equally true of other organisations and therefore other research in alternative organisations (e.g. GP practices, local councils, schools) may be timely. Individuals are being expected to make decisions with financial consequences without necessarily having the financial skills they require to be able to make these decisions in an effective manner. In the public sector this may be of particular relevance due to a move towards an emphasis on decision-making more traditionally associated with the private sector. These findings are important both for the NHS and for other public sector organisations that
have also undergone similar reforms. In these other organisations too individuals may be making decisions with financial consequences which they are ill-equipped to make.

Marriott and Mellett have attempted to assess the adequacy of managers in the NHS to make sound financial decisions. In order to do this they have used a short questionnaire to assess individuals' financial skills. A copy of this finance quiz is included in Appendix B. The Finance Quiz is based on knowledge of financial accounting in a similar way to that used by Peel et al. (1991). Marriott and Mellett (1996:72) state that:

' The financial skill index used in the study is one proxy for financial awareness and there are numerous alternative approaches that can be adopted to measuring and analysing this managerial attribute.'

It is likely that the construct financial skill is made up of a number of facets only one of which has been measured here. This limits the claims that can be made as a result of this kind of study. It is possible to state that the individuals in this study do have limited financial skill as measured by the instrument developed by Marriott and Mellett. It does not guarantee, however, that their conceptualisation of financial skill is valid or that the way in which it has been measured is necessarily sufficient. As Marriott and Mellett imply in the quotation above, there is no single external measure of financial awareness. In this thesis considerable attention is devoted to trying to determine the nature of the relationship between financial awareness and financial literacy.

The measure that Marriott and Mellett developed was commented on by those responsible for preparing and distributing budgets. They were confident that NHS managers would be able to correctly answer the questions it contained. This proved generally not to be the case. This therefore highlights again that there is a gulf between the way that financial information is presented and the extent to which that information is actually understood by its recipients. Financial experts are compiling financial information for users who do not have financial expertise.
Despite inadequate conceptualisation, financial awareness has been measured using survey instruments by both Peel & Pendlebury and Marriott & Mellett. Marriott and Mellett recognise that this is not the only possible approach. By defining financial awareness in terms of understanding accounting concepts, a great deal remains unknown about financial awareness. Using Marriott and Mellett's (1996:64) definition, financial awareness is "...the manager's ability to understand and analyse financial information and act accordingly". These researchers have measured the respondents' ability to define and calculate a restricted number of accounting measures and calculations. Being able to define and calculate is not necessarily synonymous with being able to understand and analyse. Furthermore, although the respondents performed quite badly on these tests the implications are only hypothesised. The same respondents may still be able to understand and analyse other kinds of financial information. In this case they would still be financially aware using Marriott and Mellett's (1996) definition, but it would not be possible to identify this from the latters' studies. As with the other work conducted at Cardiff, the causes of a lack of financial awareness have not been examined closely. Unlike the other studies at Cardiff, Marriott and Mellett were concerned with suggesting possible consequences of this lack of financial awareness. These consequences are purely hypothesised, however; there is no empirical evidence of these consequences offered by Marriott and Mellett.

Numerous other questions remain unanswered in spite of this research. For example:

- Do NHS managers understand the budgets they receive?
- Do the individuals who prepare the budgets feel that their users are using them effectively?
- Do the individuals in the sample really feel that the quality of their decisions is being adversely affected by their lack of financial skills?
- Is there any evidence to suggest that 'bad' decisions are actually being made as a consequence of poor financial awareness?
1.4.5 Summary of the Cardiff studies examining financial awareness

The researchers at Cardiff have divorced their studies from the actions of the individuals concerned, i.e. the intended users of financial information. The reason that researchers are concerned with an individual’s ability to understand and analyse financial information is that his/her actions are thought to depend on this ability. So, for example, shareholders’ ability to understand annual reports is thought to affect their investment decision-making. We now know that they do not read annual reports thoroughly and yet we do not know what impact (if any) this has on their investment decision-making behaviour.

These studies are premised on the underlying assumption that a lack of understanding of financial matters has negative consequences and this has an appealing rationality. However, these studies have not actually demonstrated a link between financial awareness and individuals’ ability to make sound decisions. The actual effect of financial information on the decision-making behaviour of these individuals has been ignored.

There appears to be a gulf between the way in which financial information is presented and the way in which that information is actually utilised by its recipients. Focusing on the supply side of information can only go so far to eliminate this gulf. The studies also indicate that financial awareness is a complex issue which to date has not been conceptualised adequately.

These studies have shown that people seem to make better use of written information than they do numerical. Do people actually understand the concepts behind the words any better than they do the figures or do they just feel happier reading words rather than numbers? There appears to be very little that is actually understood about the ways in which people either make use, or sense of, financial information.

There also appears to be a widely-held belief that more information (or clearer information) will lead to greater levels of financial literacy. Lee and Tweedie’s work highlighted problems with shareholders not reading annual reports. In the years that followed great emphasis was placed on ‘improving’ the annual reports and this was
expected to result in improved usage of the reports by shareholders. A similar response has been offered to the identification of poor levels of consumer understanding. An alternative approach is to focus on improving individuals’ financial skills. What seems to be missing, however, is an attempt to understand why there is so much misunderstanding. Why are there poor levels of understanding? Why do shareholders not read the reports? How do these people compare to those who do understand reports?

The work at Cardiff has shown that individuals do not make good use of financial information and that this may be due in part to a lack of financial awareness. Future research is clearly required to examine the causes and consequences of a lack of financial awareness or, indeed, the causes and consequences of greater financial awareness.

1.5 Financial awareness or financial literacy?

1.5.1 Introduction

The theme of this thesis is financial literacy and yet the discussion so far has used other terms including financial awareness. Is financial awareness synonymous with financial literacy or are they, in fact, two different constructs?

The term literacy is one with which we are all familiar and yet what does it actually mean to be literate? Why is the term literacy used in conjunction with other words such as IT literacy, information literacy, statistical literacy or, in this case, financial literacy? Is the phenomenon of interest financial literacy as opposed to financial awareness? The following discussion aims to answer these questions, beginning with an examination of literacy.

1.5.2 Literacy

Literacy is defined in the Collins dictionary as ‘the ability to read and write’ or ‘the ability to use language effectively’. The Oxford English Dictionary states that literacy is ‘The quality or state of being literate; knowledge of letters; condition in respect to
education, ability to read and write'. These definitions probably encapsulate our initial thoughts about literacy. Numerous books, articles and research reports exist which focus on literacy and, to a lesser degree, on numeracy. Literacy is a topic of interest to individuals from a variety of backgrounds and is of interest for a variety of reasons. Literacy is examined, researched, discussed and written about by individuals including educators, psychologists, linguists, socio-anthropologists, civil servants, government ministers and those in the media. The fact that literacy is of interest to so many highlights immediately the importance of literacy. Whatever literacy actually is, it has been subjected to an intense level of enquiry. The perspectives of these interested parties are inevitably varied, each drawing his/her own conclusions according to his/her area of specialism.

A detailed discussion attempting to cover all that has been written about literacy is neither feasible nor relevant here. Nevertheless, an exploration of the key characteristics of literacy is vital in order to establish that the phenomenon which concerns us is financial literacy and not financial skill or financial awareness for example. The following section aims to establish, firstly, that literacy is important and then, secondly, why it is considered important.

1.5.3 The importance of literacy

Literacy and numeracy are rarely out of the newspaper headlines. There is a widely-held concern that standards of literacy and numeracy are falling dramatically within the UK, with negative consequences for both the individuals concerned and for society at large (Turner 1990). The debate continues as to whether this is the case but the importance of literacy and numeracy is highlighted by the UK government’s decision to make literacy and numeracy its top priorities. In May 1996 the Labour Party set up The Literacy Task Force, the purpose of which was to develop a strategy for substantially raising standards of literacy in primary schools over a five to ten year period.

The methods of teaching literacy in school have recently undergone significant changes. From September 1998, 18,500 English state primary schools were required to introduce The Literacy Hour. This was followed by its younger sibling, The
Numeracy Hour. These initiatives are now encompassed within the National Literacy Strategy and the National Numeracy Strategy. The National Literacy Strategy was launched in July 1997. At this time a national target was set which stated that, by 2002, 80% of 11 year olds should reach the standard expected for their age in English (Level 4) in the National Curriculum tests for Key Stage 2 (7 – 11 year olds). The proportion reaching this in 1996 was 57%. According to DfEE website (accessed 27/11/02) in an article entitled *Building on Improvement*:

"Standards in literacy and mathematics have risen substantially in primary schools in recent years. In 2002, 75% of pupils achieved the expected standards for their age in English and 73% did so in mathematics. Although the Government’s targets for 11-year olds for 2002 were not met, there have been major improvements in the teaching of English and mathematics since the introduction of the literacy and numeracy strategies."

It is not only in the UK that literacy is on the agenda. In the USA President Clinton stated, on International Literacy Day, September 1994:

"Literacy is not a luxury, it is a right and a responsibility. If our world is to meet the challenges of the twenty-first century we must harness the energy and creativity of all our citizens."

The Basic Skills Agency is the national development agency for literacy, numeracy and related basic skills in England and Wales. In February 1999 the Basic Skills Agency planned an international conference entitled ‘Developments in Basic Education: raising literacy and numeracy standards’. On their web page advertising the conference the Agency stated:

"Over recent years the level of competence in the basic skills we need has increased. We are now surrounded by print: print that we have to be able to read, understand, and digest. Much of it demands a high level of comprehension, and the application of knowledge, rather than the simple ability to decode."
'Being numerate means more than just being able to use the four rules. Increasingly we have to understand complex information presented in charts and graphs, deal with percentages, and problem solving. Therefore, while few people are actually illiterate or inumerate, far too many have real difficulty dealing with words and numbers at the necessary level. All the evidence suggests that this changing level of demand will continue well into the next century.'

1.5.4 Illiteracy

One way to establish the importance of literacy is to turn our attention to illiteracy. Illiteracy is conventionally portrayed as having negative consequences. Literacy is good, illiteracy is bad. This is clearly a value judgement. Whilst this appeals intuitively it is important to consider why illiteracy is portrayed in such a negative way as this will contribute towards our understanding of the importance of literacy and of literacy itself. In 1965 the United Nations published a booklet, *abc of Literacy*, with the intention of acquainting the general public with the problem of illiteracy and the efforts being made at the time to overcome illiteracy. In the book Burnet (1965:11) states:

"There has always been illiteracy, but it has not always been a problem – not everywhere, at least. In isolated, self-sufficient societies, where life followed a traditional pattern and nobody knew how to read and write, illiteracy was no problem. But there are few such societies left. Illiteracy became a problem when modern means of transportation and communication began bringing peoples closer and closer together and those who had remained outside the stream of technical progress were pulled into the main current – when independence awakened dormant political consciousness in vast areas of the world – when communities and nations saw that the old ways could not continue and that new ways, based on modern science and technology, were necessary for survival. As technical development moves faster and faster, and as populations increase, the problem of illiteracy becomes more and more acute."

37
Only as societies become more complex and technologically-advanced does illiteracy become a problem. Individuals need to be well-equipped in order to respond to these advances. Literacy is important because it enables individuals to function more effectively. Burnet cites the example of one textile mill owner in Guatemala who states that 'we will not hire an illiterate man'. The mill owners had developed their own school to teach workers to read and write, not as a result of philanthropy, but because:

'Experience showed that literate workers absorbed training faster and worked more efficiently. Productivity increased, and this permitted higher wage rates along with greater profits' (1965:8).

According to this viewpoint the benefits of literacy can be measured in human and economic terms, at both an individual and a societal level. Literacy contributes to the well-being of the individual and also to the well-being of the society of which that person is a part. Illiteracy is viewed as negative because it prevents the rewards of advances being reaped by both individuals and society. Illiterate individuals cannot function as effectively as literate ones in complex societies. This view of literacy is known by some writers as functional literacy and is discussed in greater detail below.

Having established the importance of literacy and suggested that literacy is important because of the benefits that arise from being literate, these issues are now explored further in order to try to establish what literacy actually is.

1.5.5 What is literacy?

Literacy is important because it enables individuals to achieve objectives, that is it is functional. Functional literacy can be defined as:

'A person is literate when he has acquired the essential knowledge and skills which enable him to engage in all those activities in which literacy is required for effective functioning in his group or community' (UNESCO definition 1962 in Oxenham, 1980, p.87).
Burnet (1965) discussed the idea of functional literacy emphasising that there is a difference between acquiring the skills to be able to read and write and becoming literate. Functional literacy is viewed by Burnet (1965:14) as:

'The key that unlocks the door to the future, because the person who has achieved it has learned to learn for himself, and has thus gone a long way toward making his fundamental right to education a reality. He no longer has to be content with what other people choose to teach him; he can find out for himself what he wants to know. He can improve his occupational status and enrich his leisure. He has learned to reflect on what he reads, to make comparisons and draw his own conclusions.'

Literacy is not simply about reading and writing (although there is nothing simplistic about the acquisition of these skills). In these few sentences Burnet indicates that literacy is shown at the very least to be about:

- Learning
- Achieving status
- Achieving human rights
- Knowing
- Making choices
- Improving occupational status and wealth
- Improving leisure pursuits
- Making comparisons
- Creating and confirming conclusions.

It is no wonder that literacy is of such value. There appears to be little that we value in western society that is not affected by literacy. In what way though does literacy allow all these outcomes to happen?

1.5.6 Meaning making

In her book *Literacy* Margaret Jackson (1993) attempts to respond to the question "What is literacy?" She notes that the term literacy is 'very rarely carefully defined'
In the preface to the book Jackson outlines her approach to the book and towards literacy as follows:

'Literacy offers us access to information, ideas, opinions and by creating the potential for reflecting, provides opportunities for making and communicating meaning, and for learning.'

Literacy enables individuals to make meaning and to learn and this I would argue, along with Jackson, is the key element of literacy. In order to operate effectively within society individuals need to make sense of and understand the world in which they operate. In less complex societies hunters need to respond to the environment in order to survive. In complex societies a great deal of the information required in order to make sense of the environment is contained within the symbolic representation systems commonly known as words and numbers. Individuals' chances of operating effectively are greatly enhanced by being able to make sense of these words and numbers.

Complex societies present challenges to those who operate within them. In order to operate effectively within these societies individuals must make sense of or understand the challenges that are set. Literacy enables individuals to make sense of the world, to reflect on the world, to communicate with others and to learn.

Whilst recognising that literacy involves individuals being able to read and write, Jackson's definition above also highlights that these skills on their own are not sufficient for an individual to become literate; individuals must also be able to reflect in order to make and communicate meaning and also to learn. This approach again highlights the importance of literacy. Separating the importance of literacy from what literacy actually is proves very difficult.

The use of the terms 'offers', 'potential' and 'opportunities' indicates again that illiteracy is important because of the benefits that arise for those who are literate. It is important to note that these benefits are all possibilities rather than guaranteed consequences. Opportunities have to be responded to. There are no short-cuts with literacy, the individual must be pro-active in order to derive benefit from literacy.
This pro-active theme is expanded by the use of the verbs reflecting, making, communicating and learning. Burnet (1965) used similar verbs in her description of functional literacy. Literate individuals have certain opportunities but in order to utilise these effectively they must be active and draw on a variety of personal skills including their ability to read, write, speak and reflect. Hoggart (1957) also reflected that literacy is not always used to its best advantage and that the changes it brings are not necessarily positive ones.

The points raised so far can be represented diagrammatically as shown in Figure 1.1

**Figure 1.1 : Literacy viewed as a meaning making process**

Diagram 1.1 summarises the discussion of literacy developed previously. In the diagram reading and writing are identified as skills necessary for the attainment of literacy but they do not constitute literacy itself. In the model it is proposed that individuals make use of a number of skills and resources in order to make meaning or understand. They do this in order to be able to engage in activities such as learning, making choices and creating and confirming comparisons. It is hypothesised that these activities allow individuals to achieve desired outcomes including achieving human rights and status. The likelihood of achieving such outcomes is greatly enhanced by one’s being literate but is not certain and therefore cannot be considered to constitute literacy. Literacy is shown here to be a process whereby individuals use a combination of their skills and available resources to make sense of or understand those resources in order to achieve desired outcomes.
1.5.7 Other aspects of literacy

The review of discussions of literacy highlighted other aspects of literacy which are worthy of note. These are summarised as follows:

i. Changing nature of literacy

What actually constitutes a literate person will vary 'from culture to culture and from period to period' (Jackson (1993:2)). Historically, literacy was viewed as an 'elevated phenomenon' (Jackson (1993:2) for reasons including the following:

- Literacy was associated with social status since books were only available to the rich.

- Literacy has also been closely tied up with religion in that the 'Word' emanates from religious texts which again historically could only be accessed by the masses through the 'literate hierarchy'.

Literacy then can be seen to be something that is both evolving and also deeply rooted within a society's culture.

ii. Context

As society changes and becomes more complex literacy also changes and becomes more complex. There are areas of the world where literacy has no role to play in society. Jackson (1993) believes that literacy is crucial because it 'enables everyone to operate within the society of which one is a part.' This view highlights again the functional aspect of literacy.
iii. Degrees of literacy

The aim of the Basic Skills Agency is to develop literacy and numeracy and other related basic skills. Basic skills are defined by the Agency as:

‘the ability to read, write and speak in English and use mathematics at a level necessary to function and progress at work and in society in general’.

In order to develop literacy and numeracy within our society the Basic Skills Agency prioritises the ability to read, write and speak and use mathematics. These ‘basic skills’ are considered to be a fundamental part of literacy. The definition includes the phrase ‘at a level necessary to function and progress at work and in society in general’ and this phrase ties in well with the idea of functional literacy. Importantly, however, this also implies there are varying degrees of literacy and numeracy and that there is a minimum level of skill which is required firstly in order to ‘function’ and secondly in order to ‘progress’.

Literacy is a process that develops over time. Children become more literate as they get older. They improve their skills and this enables them to complete more and more complex tasks.

iv. Socially constructed activity

Gee (1990) sees literacy as a socially constructed activity and suggests that literacy both contributes towards creating the reality in which it operates and is simultaneously influenced by reality: ‘each has a part in the construction of the other’ (p.5).

v. Schools and literacy

When we think of literacy it is hard not to conjure up images of a school classroom. Literacy and schooling seem inextricably linked (Jackson (1993), p 154). For some authors this is problematic. Cook-Gumperz (1986)
challenges the assumed link between schooling and literacy in the belief that literacy is a social construction.

1.5.8 Conceptualising literacy

An attempt is now made to begin to answer the question “What is literacy?” Literacy is vital since it allows individuals to achieve objectives that allow them to develop as individuals. Literacy also ensures society evolves through the development of its individual members. Table 1.1 highlights the key points raised above in tabular form. The table attempts to answer the following questions:

- What is literacy?
- What are the main characteristics of literacy?
- On what does literacy depend?
- What does literacy facilitate?
Table 1.1: Literacy – Definition, characteristics, pre-requisites and outcomes

<table>
<thead>
<tr>
<th>Literacy is:</th>
<th>Characteristics</th>
<th>Is Dependent on:</th>
<th>Leads to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meaning making Understanding</td>
<td>• Highly valued</td>
<td>• Acquiring necessary basic skills</td>
<td>Positive outcomes for both individual and</td>
</tr>
<tr>
<td></td>
<td>• High level of interest</td>
<td>• Acquiring necessary higher levels of skills</td>
<td>society including:</td>
</tr>
<tr>
<td></td>
<td>• Concern over standards</td>
<td>• Availability of resources</td>
<td>• Learning</td>
</tr>
<tr>
<td></td>
<td>• Has various degrees</td>
<td></td>
<td>• Achieving status</td>
</tr>
<tr>
<td></td>
<td>• Varies from culture to culture and from time to time</td>
<td></td>
<td>• Achieving human rights</td>
</tr>
<tr>
<td></td>
<td>• Constantly evolving</td>
<td></td>
<td>• Knowing</td>
</tr>
<tr>
<td></td>
<td>• Belief it can be taught</td>
<td></td>
<td>• Making choices</td>
</tr>
</tbody>
</table>

A literate individual is one who has a set of skills and abilities that allows him/her to make use of resources available to him/her in order to achieve objectives. The set of skills includes reading, writing, speaking and using mathematics. Skills also include being able to reflect. The resources available to us in a complex society are extensive with books being almost the tip of the iceberg. The objectives for those who are literate are probably infinite. Jackson (1993) outlines a typical day where she begins by reading the shampoo bottle in the shower and moves through the day until she finishes by reading in bed. She states that during the day she has used print to ‘inform, to remind, to persuade, to keep in touch, to amuse, to instruct and to disturb’. (p.90)

The assertion that literacy is constantly evolving is problematic. How do we know if someone is literate or not if we cannot be clear what we actually mean by literacy? One approach to this would be to return to the functional nature of literacy. Literacy
is important because it allows people to achieve their objectives. This allows us to develop a conceptualisation based on functionality. Is a person sufficiently literate to be able to achieve his/her objectives? If so, then that person can be considered literate, if not, then he/she is effectively illiterate.

1.6 Other kinds of literacy

1.6.1 Introduction

Having examined what it means to be literate in the conventional sense this discussion now goes on to examine other kinds of literacy in order to:

- examine whether literacy is conceptualised in consistent ways;
- examine whether the term is being used in ways consistent with the argument outlined above;
- develop a conceptualisation of financial literacy.

1.6.2 Use of the term literacy

The term literacy is one that has been adopted by practitioners from a variety of backgrounds. A search of the literature identified a host of descriptions that included literacy in their title. These included Computer literacy (Day 1987), Economic literacy (Whitehead 1989), Electronic literacy (Craver 1997), Information literacy (Kulthau 1991, Mutch 1997), Internet literacy (Martin 1997), Multimedia literacy (Hofsteter 1995), Political literacy (Institute of Education 1983), Scientific and technological literacy (Layton 1994), Statistical literacy (Haack 1979), Teleliteracy (Bianculli 1992) and Visual literacy (Wilde 1991).

An examination of some of this literature highlighted that some of the characteristics identified in Table 1 are replicated in these other uses of the term. The term literacy is often used with little or no care being paid to its definition. Definitions are sometimes not offered at all, and those that are offered are frequently found to be deficient. The following discussion highlights the main findings from this review.
1.6.3 Literacy used in other contexts

Information literacy is one of the most frequently identified alternative uses of the term *literacy*. As with conventional literacy, there is a large amount of multi-disciplinary interest in the concept of information literacy. There has been a huge increase in the sheer volume of information in the latter half of this century due to developments including improvements in mass production printing techniques, wide availability of personal computers and, more recently, the arrival of the Internet. Schuman (1991:4) states:

'A weekly edition of the *New York Times* contains more information than the average person was likely to come across in a lifetime in seventeenth-century England. The English language now contains 500,000 words, five times more than in Shakespeare’s lifetime. The collection of the large research libraries has doubled in the last fourteen years. We readily throw out with our nightly garbage more print than past generations dreamed it was possible to own.'

The availability of all this information has led to concerns over how to manage it and it is from this that much of the interest in information literacy has stemmed. Individuals from two disciplines in particular, library studies and computing, have made information literacy a focus of their concerns. This inter-disciplinary interest has ensured that there is no single definition of, or approach to, information literacy.

The American Library Association’s Presidential Committee on Information Literacy (1989:1) defines information literacy as:

'To be information literate, a person must be able to recognise when information is needed and have the ability to locate, evaluate, and use effectively the needed information. Ultimately, information literate people are those who have learned how to learn. They know how to learn because they know how knowledge is organised, how to find information, and how to use information in such a way that others can learn from them. They are people
prepared for lifelong learning, because they always find the information
needed for any task or decision at hand’

There are clearly parallels that can be drawn between this definition of information
literacy and the earlier conceptualisation of literacy. This definition certainly attaches
a great deal of importance to information literacy. This importance again stems from
the outcomes that information literacy can deliver. The definition implies that
information literacy is important because it enables individuals to:

- learn how to learn;
- be prepared for lifelong learning;
- find the information needed for any task or decision at hand.

Another important theme in this definition is learning. The objective for information
literate individuals is to learn. Learning was identified as one of the outcomes of
being literate. Again there is an emphasis on individuals needing certain skills and
resources in order to achieve desired outcomes. Clearly the relationship between
learning and meaning making or understanding is in need of greater exploration.

1.6.4 Emphasis on skills rather than on understanding

Much of the literature which deals with these other kinds of literacies is written as a
result of concerns over standards. These concerns could be expressed by educational
practitioners concerned that their students are not performing well or by managers
concerned that the expected benefits of a new computer package have failed to
materialise. Frequently, concerns over standards can be linked to concerns over lack
of understanding or meaning making by the individuals concerned.

In his book on statistical literacy, Haack (1979) states that the aim of the book is to
get away from formulae when teaching statistics. Instead he states:

‘The purpose is to get students to understand the principles of hypothesis
testing without trying to make them decide which of many tests is ‘best’.’
Without actually offering a definition of statistical literacy (other than by offering it as a mechanism to overcome statistical doublespeak), by using the term statistical literacy Haack has deliberately moved away from the actual techniques used in statistical analysis and has instead viewed literacy as being about understanding. On p. 3 he states ‘Our emphasis is on understanding and interpreting the statistics.’

This emphasis on understanding is also argued by writers concerned with information literacy. Kuhlthau (1991) urges librarians to put less stress on teaching traditional library skills and more on facilitating the process of using and evaluating information resources across the curriculum. In describing a library programme centred on information literacy Kuhlthau (1991: 9) states:

‘Information literacy is not taught as a separate course but is integrated with learning across the curriculum....and is developed around the basic need of every person to find meaning and understand his or her world.’

Concern has been expressed by authors involved with information literacy that too little emphasis is given to understanding. The advent of computers was expected to be associated with an improvement in the way that businesses and organisations functioned. The increased capacity for processing data was expected to lead to improved efficiency and better decision-making. R.K. Stamper warned 30 years ago:

‘The explosive growth of information technology has not been accompanied by a commensurate improvement in the understanding of information. It is undoubtedly easier to manufacture and distribute electronic hardware than refine our concepts of information and disseminate them to the hardpressed men and women who are trying to put the new technology to work in government, industry and commerce.’ (1973: 1)

Mutch (1997) feels that the situation has not improved and may have worsened ‘as computers are able to generate huge quantities of data which are either misused by or overwhelm those who are on the receiving end’ (p. 377). One of the reasons he
suggests for this ineffective use of computers is the fact that information itself is not well understood and the relationship between data and knowledge is often not recognised. Concerns are directed at the process of acquiring, maintaining and delivering data rather than understanding exactly why data is required, what use it will be and in what way it will be used. Mutch discusses 'the observable phenomena (sic) of more data leading to worse decision-making. Because those who are using the data have not been equipped with the capability to use it through confronting issues of meaning and knowledge, the extra data simply leads to overload and paralysis'. (p. 378)

IT literacy or computer literacy are frequently treated as being distinct from information literacy. This is problematic in that there is often a concentration on the associated skills rather than a recognition that the computer is being used in order to obtain information for a purpose. Mutch (1997) suggests that one response to these problems is to move away from treating data processed by computers as different from any other kind of information. In this way Mutch suggests that the concept of interest becomes information literacy rather than IT or computer literacy but suggests, before a satisfactory definition of information literacy can be reached, that it is necessary to understand what information is.

Mutch argues that information is better treated as a process rather than as a thing. Whilst he recognises that there is considerable support for information being regarded as a thing, including the attempts by many to capitalise information as a business asset (see for example, Wilson et al. 2000a and 2000b), Eaton and Bawden (1991) claim that information is different from other assets in that it is not consumed in use, and is dynamic and unpredictable. These qualities, Mutch states, stem from the fact that the information has meaning endowed by the user. Boland (1987:377) states that information:
'...is not a resource to be stockpiled as one more factor of production. It is meaning, and can only be achieved through dialogue in a human community. Information is not a commodity. It is a skilled human accomplishment.'

This view of information highlights the importance of social contact, that is that information is socially constructed. It also highlights that information is entrenched in context. Meaning cannot be made without social contact and a context in which to place information. Information is only of use if it is understood and used appropriately. As Mutch (1997:383) states:

' What is being suggested is that to be truly literate in the use of information demands a focus initially on the questions one is seeking to ask, rather than on the identification and retrieval of data – although these are obviously vital skills'.

In other words, the availability of resources, generically termed information, and the combination of hardware and skills to access these resources are not sufficient to ensure positive outcomes, such as good decision-making. A crucial part of the process has been omitted, namely meaning-making or understanding, according to Mutch and others.

The term literacy appears to be borrowed when a problem is in need of a solution. With statistical literacy it was students' inability to understand the statistics they use, whilst for information literacy problems stem from the large volume of data and people's inability to use the information effectively.

The interest in literacy arises when people are illiterate and cannot, therefore, achieve their objectives. Problems present themselves, such as an inability to use a computer or an inability to make good financial decisions, and literacy is commonly seen as providing the answer. When authors write about developing literacy the development is needed in order to overcome a problem that has been recognised. Concern then turns to one particular stage depending on the background of the interested party. Financial literacy is also a term that has arisen as a result of the identification of a
problem. Individuals have been shown to be ineffective in their use of financial information.

1.7 Conceptualising financial literacy

Here, it is proposed that the term literacy is synonymous with understanding or meaning making and that this meaning-making is a prerequisite for the achievement of desired outcomes or objectives. With financial literacy these outcomes have financial consequences.

Financial literacy could therefore be defined as:

"an individual's ability to obtain, understand and evaluate the relevant information necessary to make decisions with an awareness of the likely financial consequences of those decisions".

There is clearly a similarity here between information literacy and financial literacy. This is not surprising since information that has financial implications is still information. The difference between the two terms arises because the outcomes are different.

The definition attempts to recognise that information relevant to decision-making may not necessarily be financial information in its strictest sense. For example, a school may face a reduced intake of pupils. This in itself is not financial information yet there are financial implications where a school’s funding is determined by the number of pupils. The ability to recognise these financial implications is fundamental to my conceptualisation of financial literacy.

It is intended that informed decision-making is recognised as being instrumental in achieving desired outcomes. It seems likely that the majority of these outcomes will follow on from a decision being made which then is followed by a course of action. It is hard to think of an example where financial literacy is relevant when a decision is not implicit. Even in cases where people use financial information to ensure that their current behaviour is appropriate, ultimately a decision will be required whether or not
to continue with their current actions. An individual looking at his/her current savings or pension provision will need to make a decision whether to continue with his/her current strategy or whether to make alternative arrangements. Equally an individual within an organisation will also need to be able to obtain and understand the relevant information to ensure the current or proposed actions are appropriate. It is important to note here that financial literacy can only ensure individuals are informed to make decisions, it cannot ensure the 'right' decision is actually made. This is because, inter alia, individuals do not always make decisions based purely on economic rationality (see, for example, Wilson & Zhang (1997)).

In this definition financial literacy is seen as being distinct from the achievement of desired outcomes resulting from decision-making. Differentiating literacy from the outcomes it enables is not to say, however, that achieving the desired outcomes is incidental to literacy. The outcomes give literacy its importance. If there were no desired outcomes then literacy and financial literacy would be unimportant. To illustrate the point in terms of the conventional use of the term literacy, people read books for a purpose. This purpose may be for pleasure or, alternatively, to acquire knowledge for example. In order to achieve either of these objectives a person needs to be literate, that is he/she makes use of a range of skills to read the resource (the book) in order to understand it. Without this understanding the chances of achieving the desired outcome is dramatically reduced. Whilst it is possible with a very basic knowledge of French to read a book written in French, without an understanding of the language and the associated concepts, the exercise is largely pointless.

Furthermore, it is proposed that it is functionality which establishes the importance of financial literacy and it is the outcomes that determine the nature of financial literacy required. Literacy is conceptualised in this study as a meaning-making process which enables informed decisions to be made in order to achieve desired outcomes as shown in Figure 1.2.
In this model it is proposed that individuals use a combination of skills and technologies, resources and contextual knowledge to make sense of information in order to be sufficiently informed to make decisions with an awareness of the latters’ financial consequences. These terms have been deliberately adopted as general descriptive terms. No attempt has been made to identify exactly which skills are required in order to become financially literate for example. The reasons for this are:

- The aim of the model is to emphasise financial literacy as a *process* leading to desired outcomes. Any attempt to try to identify exactly which skills, technologies, resources and contextual knowledge are required at the outset would potentially detract from this proposed conceptualisation.

- The second reason why no attempt has been made to elaborate on these terms is that there is very little evidence offered currently which would allow this elaboration to be possible. Very little work appears to have been done looking at the interplay between these factors and the ways in which the presence of these skills contributes towards individuals being able to understand the factors relevant to making decisions with an awareness of the latters’ financial consequences.

### 1.8 Financial literacy, financial awareness and financial capability

So what is the relationship between financial literacy and financial awareness? The researchers at Cardiff had very precise aims when they conducted their research. They wished to examine particular aspects of financial knowledge. Financial awareness was measured according to a set of pre-conceived concepts. No explanations of possible causes or consequences of high levels of financial awareness were offered.
Here it is suggested that financial literacy must be conceptualised as a complex phenomenon whereby individuals make sense of information in order to assess the financial consequences of their decisions which are made in order to achieve desired outcomes. It is suggested that financial awareness is a part of financial literacy. In order to be financially literate individuals must be financially aware. However, individuals may be financially aware without being financially literate. The NHS managers in Marriott and Mellett’s study may have performed exceptionally well on Marriott and Mellett’s test of financial skill and yet still failed to make decisions with an awareness of the financial consequences effectively. They may still have not understood the factors relevant to their decision-making and therefore been financially illiterate. Alternatively, the managers may have performed badly on Marriott and Mellett’s test and still have been financially literate. That is, they may still have been able to locate and understand the financial information relevant to their decision-making.

Financial awareness has been examined in the Cardiff studies as a measure of people’s understanding of terms that already exist, terms such as balance sheet, budget and depreciation. The relationship between people’s understanding of these terms and their ability to make decisions has not been examined. Individuals may have very good knowledge of certain financial terms, and therefore be financially aware, and yet be unable to recognise the relevance of other information which prevents them from recognising the financial consequences of any decision they may make. This may ultimately prevent them from achieving their desired outcomes. In this instance an individual may be financially aware but financially illiterate.

In Section 1.3 of this chapter the term financial capability was used when discussing the role of The Financial Services Authority. The FSA has developed a long-term response to concern over poor levels of financial literacy through changes in the National Curriculum. In this way the FSA now aims to develop the financial capability of individuals. The then DIIE (2000b) which was involved in this development identified the importance of financial capability:
Financial capability is becoming more important as people are faced by increasingly complex financial decisions. The flexible labour market, lifelong learning, short-term contracts, and greater longlevity all have serious implications for how we undertake financial planning. Financial choices and decisions will have significant consequences for future financial well-being. Financial capability is an important life skill for everyone: the ability to make financial decisions is the key to identifying and making best use of the opportunities in today’s changing world.’ (p. 4)

In order to facilitate financial capability education taking place in schools the Personal Finance Education Group (pfeg) was formed. This group involves teachers and government officials, consumer bodies, the FSA and also industry representatives. As stated on its website the goal of pfeg is to:

‘promote and facilitate the education of all UK school pupils about financial matters so that they can make independent and informed decisions about their personal finances and long-term security.’

One of the main roles of pfeg is to produce quality teaching resources. Pfeg produce a quarterly newsletter available via its website. The newsletter for November 2000 led with the headline ‘Blunkett emphasises financial literacy – or is it capability ?’. The article reports on a statement by the then Secretary of State for Education and Employment on the outcome of the National Curriculum Review for England. In this statement David Blunkett emphasises the importance of teaching pupils about money and thus improving their financial literacy. Unfortunately the article does not address the question raised in the article headline about the relationship between financial capability and financial literacy. No definition of financial capability is offered but it is said to encompass three interrelated themes:

1. **Financial knowledge and understanding:**
   is about helping children to understand the concept of money. It means having a knowledge and understanding of the nature of money and insight into its functions and uses. Developing financial understanding is the first step in ensuring that young people leaving school have the skills required to deal with
everyday financial issues. It will also help them to make informed decisions
and choices about their personal finances.

2. **Financial skills and competence:**
is very much concerned with day to day money management and thinking
about planning for the future. This means being able to apply knowledge and
understanding of financial matters across a range of contexts: personal
situations as well as situations beyond our immediate control. A financially-
competent person is able to identify and tackle problems or issues with
confidence and is able to manage financial solutions effectively and
efficiently.

3. **Financial responsibility:**
is about the wider impact of money and personal financial decisions, not only
for an individual’s future but also at a greater, societal level. It implies an
understanding of how financial decisions can impact, not only on the person
making the decision, but also on their family and community. Young people
who are financially capable will be aware that financial decisions and actions
are closely linked with value judgements of various kinds (social, moral,
aesthetic, cultural, and environmental as well as economic) and therefore have
social and ethical dimensions.

It is important to remember that the concept of financial capability arose in response
to a problem, the problem being individuals’ inability to make ‘good financial
decisions’. Here again a response to a recognised problem has been developed and yet
there is no conceptualisation offered. I contacted pfeg to ask them why there had been
a shift in emphasis from financial literacy to financial capability. An executive
assistant, Vola Parker, responded that pfeg have taken their lead from the DfEE which
has changed its emphasis. She commented:

‘I personally translate the move away from literacy to capability into
the need to put the emphasis on the skills received which will be
applied to everyday life. In other words, one may be good at reading
about finance, but it does not necessarily mean the same person runs his/her own financial matters efficiently.'

I have no argument with this statement. Whether financial capability is indeed the answer to this problem is more questionable. The absence of any conceptualisation makes further comment problematic.

1.9 Conclusion

Clearly financial literacy can be seen as having great importance. To some degree this "self-evident" importance has resulted in very little attention being devoted to developing an adequate conceptualisation. Understandably, the focus has instead been devoted to encouraging individuals to become financially literate. This is clearly problematic. Without an adequate conceptualisation, how can financial literacy be operationalised? How can individuals be encouraged to be more financially literate if we cannot recognise it when it exists?

The model proposed in this chapter was developed as a result of reviewing the various bodies of literature identified in the chapter. It is clearly tentative in nature but it underpins the rest of the study as a way of developing a conceptualisation of financial literacy, which is the overarching aim of the study.

The remainder of this study was dedicated towards addressing this underdeveloped area and, in particular, pursuing an adequate conceptualisation of financial literacy. The model outlined in this chapter provided the structure for the way in which financial literacy was subsequently explored. Chapter 2 which follows outlines why it was that the study developed as ethnographic in approach. The implications of adopting such an approach are also examined in Chapter 2.
Chapter 2 Choosing a Research Approach

2.1 Introduction

All research studies require decisions to be made by those involved about which research approach is the most appropriate. This is necessarily true of this study which was conducted using a qualitative approach and, more specifically, an ethnographic approach. Chapter 2 begins by outlining why it was a qualitative research approach was adopted for this study. It also documents why it was that an ethnographic approach, in particular, was chosen. The chapter addresses what is meant by the term **ethnography**. Finally, the implications of this decision are discussed. A design for data gathering using an ethnographic approach is presented in Chapter 3.

The decision to adopt an ethnographic approach was not one taken lightly. Prior to this study I had only very limited knowledge of ethnography and the little knowledge I had had not left me particularly well disposed towards adopting such an approach. In retrospect this reticence stemmed, in the main, from a fear of the unknown.

As a result of exploring literature on the theme of ethnography I found a number of my prior perceptions of ethnography, and of social research more generally, were challenged. Whilst I was committed to a social constructionist philosophical position I became aware that I had not fully escaped my positivistic undergraduate training in social psychology. I also found that issues raised in the early stages of my research concerning ethnography were only fully understood in the later stages of the study when I had actually experienced some of the issues raised. As has perhaps been suggested by this introduction, attempting this study became a very personal journey. I found my pre-conceptions constantly being challenged by the work I undertook.

The preliminary section of this chapter outlines why a qualitative research method was chosen over a quantitative approach. Section 2.2 outlines the reasons for adopting a qualitative approach and, in particular, an ethnographic approach. Section 2.3 documents my attempts to understand ethnography. As will become apparent, this was a task that was very challenging. The remainder of the chapter discusses issues
that arose as a result of my decision to adopt an ethnographic research approach. These issues include reflexivity (2.4), generalisability and theory development (2.5). Section 2.6 documents the preliminary stages in developing a design for the fieldwork and data gathering phase of this study. This is subsequently developed in Chapter 3.

2.2 Choosing a qualitative research approach

The title of this section reveals immediately that this study was conducted using a qualitative approach. The usefulness of distinguishing between qualitative and quantitative research has been questioned by Becker (1996:53) who states:

' ...to me, the similarities between these methods are at least as, and probably more, important and relevant than the differences. In fact I think that the same epistemological arguments underlie and provide the warrant for both.

' How so? Both kinds of research try and see how society works, to describe social reality, to answer specific questions about instances of social reality. Some social scientists are interested in very general descriptions, in the form of laws about whole classes of phenomena. Others are more interested in understanding specific cases, how those general statements worked out in this case. But there's a lot of overlap.'

Whilst Becker's assertion may have merit this chapter relies on a traditional distinction between quantitative and qualitative research methods. As has already been stated in Chapter 1, research studies attempting to quantify and measure financial literacy were found to be lacking in the attention paid to conceptualising financial literacy. The aim of this study was to attempt to redress this and develop a conceptualisation of financial literacy. The nature of this study was, therefore, exploratory. The main aim of this study was to learn more about financial literacy in order to offer a conceptualisation of financial literacy. A model of financial literacy as a meaning-making process was proposed in Chapter 1 as shown in Figure 1.2 reproduced below.
In this model it is proposed that individuals use a combination of skills and technologies, resources and contextual knowledge to make sense of information in order be sufficiently informed to make decisions with an awareness of their financial consequences. These terms have been deliberately adopted as general descriptive terms. No attempt has been made in advance to identify exactly which inputs are required in order to become financially literate for example. The reasons for this are:

- The aim of the model is to emphasise financial literacy as part of a process leading to desired outcomes. Any attempt to try to identify exactly which inputs are required at the outset would potentially detract from this conceptualisation.

- The second reason why no attempt has been made to elaborate on these terms is that there is very little evidence offered currently that would render this elaboration feasible. Very little work appears to have been done looking at the interplay between these factors and the ways in which the presence of these inputs contributes towards individuals being able to understand the factors relevant to making decisions with an awareness of their financial consequences.

In order to achieve the aims of the study it was felt that a quantitative approach to data gathering would not be appropriate. Previous studies aimed to measure or quantify financial awareness (Lee and Tweedie 1975a, 1975b, 1976, 1977, Marriott and Mellett 1991, 1994, 1995, 1996) as a measure of people's understanding of terms that already exist, terms such as balance sheet, budget and depreciation. The aims of this study are very different. There is no intention to measure people's financial literacy since it has
been argued in Chapter 1 that there is insufficient knowledge about the nature of financial literacy to allow this.

It was therefore felt that a qualitative approach was required in order to remain consistent with the exploratory nature of this study. There is, of course, a variety of qualitative research methods available to researchers including case study, ethnography, phenomenology, grounded theory, biographical method, historical method and action and applied research with overlaps between a number of these methods. Whilst it may have been possible to argue the case for using another method to conduct this study the aim of this chapter is to outline why it was that an ethnographic study was considered the most suitable research approach.

There were elements of qualitative research methods, including interviews, observation and archival methods, that appealed to me yet none seemed sufficient in isolation. As stated above the aim of this study was not to look purely at decision-making but, rather, to look at a process in which making decisions with an awareness of their financial consequences was a part. For this reason an archival approach offered potential. For example, I could have used pre-existing documents such as minutes of meetings to examine the reasons given for decisions with financial consequences being made. This did not appeal to me. There was a danger that adopting such an approach would only allow me to see a part of the process I was interested in, that being the decision-making. Documentary evidence was likely to only record the decision made rather than the events running up to the decision being taken. The emphasis would be on the decision ignoring the rest of the process that has been proposed. It was felt there would be insufficient detail to examine for example how the decision came to be made.

Similarly, asking people about their experiences appealed to me and yet there were drawbacks to this method. I did not want post hoc descriptions of how a decision had been made without having the opportunity to look at the context in which the decision was being made on a real-time basis. Having stressed the importance of context when discussing financial literacy I was very conscious that I wanted to be able to see decisions being made in the context in which they were being made. I wanted to know whether individuals recognise the financial implications of their actions. I felt that
either asking them to describe situations when they had done this would be of limited use because they would clearly be able to pick examples where they had been aware of the financial implications. What about those situations where they had missed the financial implications?

Another possible approach would have been to provide case studies for people to describe the way in which they would deal with financial information or to suggest other data that would have helped them make a decision. A drawback of this approach would have been that I would need to be very familiar with a context before I would have been happy that I was in a position to design suitable case studies. A further drawback is that again this would have only covered part of the proposed model. I would not have been able to see the kinds of information available to the individual concerned. I wanted to be able to watch people make decisions as they made them in the context in which they made them. For this reason I needed an approach that allowed me to watch people in action making decisions with an awareness of their financial consequences. I have argued that knowledge of the context in which these decisions are being taken is as much a part of financial literacy as are the skills of the individual and the resources available to the individual. I wanted to be able to see first hand what resources were available to individuals, what skills they required in order to make sense of these resources and, at the same time, to learn about the context in which these decisions were being made.

Whilst there were elements of each of these approaches that appealed none seemed sufficient on its own. In particular I needed a research method that allowed me to witness at first hand decisions with financial consequences being made in the context in which they were being made. Having investigated a number of qualitative methods available to me I felt an ethnographic approach, with its emphasis on the researcher going out into the field, was the most appropriate. This decision had methodological implications as Alvesson and Skoldberg (2000:45) note:

'Unlike grounded theory, ethnography does not represent a coherent and clearly prescribed methodology; rather it indicates a general research orientation, which can then assume a variety of forms. Some ethnographers
refer in positivist terms to grounded theory and/or phenomenology, which suggests that there is considerable overlap.

The following section explores the meaning of the term ethnography and why it was that it was considered an appropriate research approach for this study. An inductive ethnographic approach was chosen above alternative approaches (such as grounded theory or a phenomenological approach) because I felt it was ideal for this study. Other methods did not, for me, have so much to offer this study. I have chosen the research approach I felt best suited the problem in which I was interested. This approach is in common with McKenzie (1997: 22) who discusses the influence of feminist research on research practice and concludes:

‘By adopting such a open-ended approach to my own research, I am able to draw upon whatever methodologies and methods which seem appropriate to me when trying to understand a particular problem. The focus of my research is the problem rather than the methodology.’

I found this comment very useful. Sometimes I think it is very easy to forget that it is the problem that determines our actions and thus dictates the methods required to solve that problem.

2.3 Discovering ethnography

2.3.1 Introduction

This section attempts to answer the question: What is ethnography? Unfortunately the answer to this question is: ‘It depends!’ As Shweder (1996:17) notes:

‘Characterizing ‘true ethnography’ is, of course, a hopeless, hazardous, and thankless task. It is sort of like trying to define true love.’

There is no shortage of texts about the subject of ethnography. As a researcher new to the subject of ethnography I began familiarising myself with a number of the available texts. This was in many ways a challenging experience. I expected to find a large degree of overlap between the texts. This did not prove to be the case. There
appeared to be very different views offered of the nature of ethnography and of the way ethnography should be conducted and ultimately judged.

Ethnography has a long history and during this time it has been adopted by academics from a variety of backgrounds. It is, in part, for this reason that the question ‘What is ethnography?’ is not one that is answered easily. It is different things to different people. The more I read about ethnography the less I felt I knew about it. Attempting to make sense of ethnography was a complex task as Becker (1996:57) notes:

‘The variety of things called ethnographic aren’t all alike, and in fact may be at odds with each other over epistemological details.’

My initial impressions of ethnography as a research approach making use of a variety of methods, with an emphasis on fieldwork, were confirmed. Perhaps the feature of ethnography that appears most consistently across texts is that ethnography is a way of conducting research utilising a variety of methods. This characteristic was featured in a number of texts on ethnography. Denzin (1970:10) describes ethnography:

‘as a curious blending of methodological techniques’

Jessor (1996) too notes that ethnography involves the use of a number of research techniques. Jessor does not, however, distinguish between qualitative methods and ethnography seeing the two terms as being synonymous:

‘The terms ethnography and qualitative method refer to a congeries of approaches and research procedures rather than to any singular, self-contained, unique method. Their coherence – whether participant observation, unstructured interview, informal survey, case study or the hermeneutic analysis of text – derives from a common concern with the interpretation of meaning and with understanding the point of view of the Other.’ P.5/6

However, whilst ethnography may draw on a number of research methods, the element that is most closely associated with ethnographic studies is fieldwork. As Fetterman (1989:12) states:
Fieldwork is the heart of the ethnographic research design.

Fieldwork usually involves the researcher spending time in the 'field' in which s/he is interested either covertly or overtly. The purpose of spending time in the field stems from the belief that the researcher will have access to data that s/he would not be able to obtain by other methods. This raises the questions 'Why is there a need for such a method?' and 'Why is it relevant to this study?'. The answers to these questions are addressed in the sub-section that follows.

2.3.2 Why use an ethnographic research approach?

Having established that ethnography is a qualitative research method making use of a variety of techniques, including fieldwork, this sub-section aims to establish why there is a need for such a method and why it was that this approach was thought suitable for this study. Ethnography has a long tradition, being described as 'perhaps, the original and quintessential qualitative research method' (Banister et al. 1995:34). It is firmly rooted within social research and is traditionally associated with studying the unknown. This may be an unfamiliar tribe of people from a far away place or, alternatively, a culture geographically close, but equally unfamiliar. This distinguishes it from other kinds of investigations which are usually undertaken on the basis of some existing knowledge. Because ethnography is associated with discovery no method of enquiry is precluded.

Traditionally, ethnography is associated with the work of anthropologists. Fielding (1993:56) states:

'The origin of ethnography lies in the classical tradition of anthropology which evolved during the colonial period of the British Empire, although elements of the method date back to antiquity.'

Van Mannen (1998:1) describes an ethnography as a:
In this way he distinguishes between the written account of the researcher’s experiences and conclusions (the ethnography) from the culture on which it seeks to comment. Metaphorically, he suggests ethnography is a knot that ties together culture and fieldwork (that is, fieldwork is distinct from the culture it studies and also from the written account that follows from the fieldwork). This is an important distinction, one that is not always made obvious for the reader of other texts on ethnography.

Ethnography is traditionally associated with examining culture. As Shweder (1996:19) notes:

'A true ethnography is about something called a culture. As everyone knows, there are many definitions of culture.'

Sociologists and others have devoted a great deal of attention to exploring the term culture. It is beyond the remit of this study to attempt to contribute to this debate as this study is not actually concerned with examining culture in the traditional sense of ethnography. Chapter 3 outlines the decision to examine school governors in this study. How does this decision reconcile with the assertion that ethnography involves examining cultures? I do not intend to argue that school governors constitute a separate culture. However, Shweder (1996:20) describes members of a culture as:

'...members of a moral community who work to coconstruct a shared reality and who act as though they were parties to an agreement to behave rationally within the terms of the realities they share.'

I find this a useful way of characterising school governors. The reality they share revolves around the schools they serve. It is argued in Chapter 5 that governors share an overall objective which is to help ensure that the schools they serve provide a quality education for their pupils. In this way governors can be perceived as a moral community. Governors are also shown in Chapter 5 and 6 to strive to achieve their objectives in a way they perceive as being rational. This study is concerned with examining school governors with a particular focus on financial literacy. It must be
remembered that I was not only interested in describing the experiences of governors – what might be described as the culture of school governors using Schweder’s definition. In addition to this I was interested in what governors’ experiences added to our understanding of financial literacy. Governors’ experiences were used to examine the proposed model of financial literacy offered in Chapter 1.

Through its anthropological roots ethnography has been associated with learning about unfamiliar cultures. Fetterman (1989:11), who is from an anthropological background, states:

'Ethnography is the art and science of describing a group or culture.'

Traditionally then the aim of ethnography was seen as providing descriptions of the cultures of unfamiliar peoples. The best way of achieving this end, in fact often the only way, was for the researcher to go in and watch, to observe, the society on a day to day basis. The absence of the appropriate language skills meant that there was usually no alternative to such an approach.

More recently ethnography has been associated with researchers from a variety of academic and non-academic backgrounds. Anderson (1999:452) states:

'Many of us who were busy in the 1980s fighting the longstanding positivist challenge to qualitative methods were caught unaware, as ethnography gained seemingly overnight popularity across a wide range of academic disciplines.'

As ethnography has been adopted by a wider academic community it has inevitably evolved. Hammersley and Atkinson (1983a:2) describe ethnography as:

'.....simply one social research method, albeit a somewhat unusual one, drawing as it does on a wide range of sources of information....in fact collecting whatever data are available to throw light on the issues with which he or she (the researcher) is concerned.'
This statement for me encapsulates the reasons for my choosing an ethnographic research approach. Ethnography provides a means of shedding light on issues that are currently shrouded in darkness. Whilst shedding light is the aim of all research studies, much research is conducted where some light already exists, that is there is already knowledge in existence about the issue of concern which allows other research methods to be utilised. Studies that adopt an ethnographic approach often do so because at that point in time there are few, or even no, chinks of light with which the researcher can begin to explore the issue of concern. As I have previously argued, very little is currently known about financial literacy.

Fetterman (1989:72) states that:

'All the methods and techniques....are used together in ethnographic research. They re-inforce one another. Like concepts, methods and techniques guide the ethnographer through the maze of human existence. Discovery and understanding are at the heart of this endeavour.'

For Fetterman then ethnography draws on a variety of research methods because of the complexity of the research questions it is used to address. The phrase 'maze of human existence' is a very emotive one. It highlights the link between ethnography and the social world. It is an approach that has developed in order to try and understand what people do and why they do it - whether those people are located in a far off land or much closer to home. The aim of ethnography, therefore, is to develop understanding. Hammersley and Atkinson (1983a:17) offer a concurrent viewpoint when they state:

'The need to learn the cultures of those we are studying is most obvious in the case of societies other than our own. Here, not only may we not know why people do what they do, often we do not even know what they are doing.'

This I would suggest is the case with financial literacy. We do not know about financial literacy as it exists in the social world, what it looks like, what the implications are of being financially literate and so on.
As Fielding (1993:157) states though:

'It is not a rule that ethnography must study the unknown, but,.....some of the constraints on it as a method can be excused by its value as a ‘method of discovery’. As a means of gaining a first insight into a culture or social process, as a source of hypotheses for detailed investigation using other methods, it is unparalleled.'

Again Fielding notes that ethnography is associated with discovery. It is used as an approach in the search for answers to questions where very little is currently known. Fielding raises the issue of ethnography having constraints on it as a method, so what are these constraints on ethnography as a method?

Because ethnography has such a long tradition it has been adopted by researchers from a number of academic traditions. These researchers adopt varying epistemologies and ontologies often without recognition that this is so. This is problematic in the sense that a researcher’s epistemological and ontological viewpoint affects the way the ethnographic work is both conducted and legitimated. This was something I found hard to reconcile when attempting to become familiar with ethnography. Some texts appeared to stress traditional positivist evaluation criteria whilst other texts appeared to stress other ways of legitimating ethnographic research. This was perhaps to be expected considering the long history of ethnography. The question of what constitutes good qualitative research has been hotly debated and contested for decades. Since ethnography is so firmly rooted within the qualitative research tradition it was perhaps inevitable, it too would be subject to such debate. This variation was problematic for me. In the introduction to this chapter I noted that, in the early stages of this study, I often found my assumptions about my own epistemological orientation being challenged. I believed that I was adopting a social constructionist viewpoint and yet occasionally I would catch myself using positivistic language or evaluation criteria more closely aligned to a positivist tradition. A review of ethnographic literature contributed little towards overcoming this difficulty since the ethnographers in question were rarely explicit about their own philosophical positions. This has not gone unnoticed by other authors. Jessor (1996) for example notes:
‘Notwithstanding the postpositivist welcoming of methodological pluralism and current recognition of the inferential compatibility of qualitative and quantitative data, the epistemological status of ethnography continues to be challenged. On the one front it remains beleaguered by the legacy of positivism, especially by its traditional concerns about validity and objectivity. On another front it is under siege by the postmodernists for not carrying its intrinsic reliance on subjectivity to the logical extreme, namely the denial of empirical reality.’ p.7

The sub-section that follows looks in greater detail at the history of ethnography and highlights the challenges that have been made against ethnography. The efforts that contributed to the existence of the following discussion evolved in the first instance due to my own reticence to use an ethnographic research approach. As indicated in the introduction when I first became involved in this study I had no intention of adopting such an approach. My feelings about ethnography were very negative. This I now believe was due to a lack of familiarity with ethnography. Having become convinced ethnography would be the most appropriate approach, I then felt a need to convince both my supervisor and my panel that ethnography had much to offer this study. The discussion that follows is a culmination of my attempts to confirm to myself and others the merits of adopting an ethnographic approach to conceptualise financial literacy.

2.3.3 The history of ethnography

Despite a long tradition (or perhaps due to its long tradition) there appears to be little consensus amongst those practising ethnography about what ethnography is, has been and will be in the future. Donileen Loseke and Spencer Cahill are the editors of the Journal of Contemporary Ethnography. Approaching the turn of the millennium renowned ethnographers were asked to contribute to a special issue of the journal entitled ‘Ethnography: Reflections at the Millennium’s Turn’. People who have shaped ethnography during the last decades of the twentieth century were asked for
their personal reflections on ethnography. They were invited to respond to the questions:

Where has ethnography been?
Where is it going?
Where should it go and why?

There were two special issues of the journal published in October 1999 devoted to these issues. Loseke and Cahill (1999) comment on their job of editing these contributions. Loseke states:

'There are many different, very different, impressions of ethnography today, many different relationships between the practice of ethnography and the practitioners of ethnography.' p.438

This presented the editors with a dilemma, how should the papers be best organised for publication? Should there be a 'realist-versus-post-modern split' or a 'modern versus post-modern visions'? They resolved the dilemma by publishing the papers alphabetically in order of the first author’s last name. Loseke (1999:441) stated that the logic behind this approach would:

'Encourage readers to focus on the complexities, to experience the sweep, to be pulled back and forth, to consider all the diversity and all the possibilities of ethnography at this turn of the millennium.'

This certainly describes my feelings as I made my way through these two journal issues. I found the experience fascinating. Here were people with decades of ethnographic experience behind them sharing their own feelings about ethnography and yet the diversity of views about the past, present and future of ethnography was the most conspicuous theme. Comments made by contributors in these issues are referred to throughout this chapter.

By way of an introduction to ethnography I refer to Denzin and Lincoln (1998) who offer a history of qualitative research in the 20th century in which they delineate five
moments of qualitative research, using ethnography as their subject. The history begins with the Traditional moment where the ethnographer, heavily influenced by positivist assumptions, sought an objective account of the culture studied. Implicit in these accounts were:

'A commitment to objectivity, a complicity with imperialism, a belief in monumentalism (the ethnography would present a museum like picture of the culture studied) and a belief in timelessness (what was studied never changed)' p.14

The history continues by recognising the influence of naturalistic, postpositivist and constructionist paradigms and then later critical and feminist epistemologies and epistemologies of colour. The Fifth moment takes us to the present day where 'the concept of the aloof researcher has been abandoned' (p.22). The current position of the qualitative researcher they argue is defined by dual crises, those of representation and legitimation, which seriously question two key assumptions of qualitative research. The first assumption is that researchers can directly capture lived experience (crisis of representation), instead it is argued that this experience is captured in the social world. Secondly, traditional evaluation criteria (including the issues of validity, generalisability and reliability) are called into question. Denzin and Lincoln (1998) argue that what is now needed is a way to legitimate the representation which allows the author to make connections between the text and the world written about. They summarise the present moment with four conclusions:

1. Each of the historical moments is still operating either as a legacy or as a set of practices to argue against.

2. There are lots of choices available to the qualitative researcher. 'There have never been so many paradigms, strategies of inquiry, or methods of analysis to draw upon and utilize.' p. 22

3. Qualitative research is enjoying a time of discovery and rediscovery as new ways of looking, interpreting arguing, and writing are debated and discussed
4. 'The qualitative research act can no longer be viewed from within a neutral, or objective, positivistic perspective. Class, race, gender, and ethnicity shape the process of enquiry, making research a multicultural process.' p. 22

They conclude by stating:

'The field of qualitative research is defined by a series of tensions, contradictions, and hesitations. This tension works back and forth between the broad, doubting post-modern sensibility and the more certain, more traditional positivist, postpositivist, and naturalistic conceptions of this project.' p. 31

Denzin and Lincoln (1998) therefore emphasise the complexities of qualitative research. It is many things to many people and is still evolving. Inevitably perhaps other researchers have commented on this view of ethnography’s history. Anderson (1999: 453) states:

'As informative and insightful as this taxonomic analysis is, it strikes me as too clean. I believe we are not so much dealing with succession as we are dealing with diversification. The development of new ethnographic moments or genres does not seem to signal the demise of previously existing ones, but rather adds more options in the styles of research and analysis available to qualitative researchers. New genres proliferate, vying with earlier ones, rather than displacing them.'

For Anderson (1999) then the history of ethnography is far less delineated than the model offered by Denzin and Lincoln would suggest. The taxonomy does, however, highlight some of the challenges that have been raised during ethnography’s development. Other critics of the taxonomy are Atkinson et al. (1999). Whilst accepting Denzin and Lincoln’s claims for diversity in the field of ethnography, Atkinson et al. (1999:464) state:
We are less convinced by Denzin and Lincoln's (1994) attempts to periodize the development of qualitative research, and even less convinced by the particular developmental narrative they seek to impose....their sequence of moments does, we would argue, gloss over the historical persistence of tension and differences. Each of the periods or moment is too neatly packaged....Equally we would suggest that such a chronological and linear view of development does a disservice to earlier generations of ethnographers.

They expand their criticism. Firstly they state that the divide between positivist and interpretivist has been detectable for many years ('indeed throughout the development of ethnographic research this century') and thus the periods are far more blurred than suggested by Denzin and Lincoln. Atkinson et al. (1999:467) challenge the claims that ethnography was ever dominated by a positivist orthodoxy stating:

Ethnographic research has always contained within it a variety of perspectives. As a whole, it has never been totally subsumed within a framework of orthodoxy and objectivism. There have been varieties of aesthetic and interpretive standpoints throughout nearly a century of development and change.

They go on to state their own view of the past and future of ethnography in the following way:

Rather than a developmental role, therefore, we would conceptualize the field of ethnography in terms of continuing tensions. Indeed those tensions themselves give the field much of its vigor and impetus. The repeated, and indeed longstanding, tensions between realist and experimental texts, between impersonal and experiential analyses – are recurrent motifs in ethnography. Recent innovations do not have to be seen as wholesale rejections of prior positions. Equally, the futures we project do not have to be couched in terms of revolutionary paradigm changes. As in the past, so in the foreseeable future

This is a viewpoint echoed by other authors. Usher (1997:1) states:

75
In the realm of social and economic research there is no single correct practice and no superordinate methodology. Far from being a matter of regret, it is in our view a matter of celebration and a mark of the sophistication and complexity of the process of social research.

The reason this discussion has been included in this chapter is to highlight that ethnography has a complex past and present and, no doubt, future. In the early days of reading texts on ethnography I was unwittingly reading work from a variety of authors adopting a variety of theoretical paradigms and perspectives. These paradigms and perspectives were rarely made explicit. When I began my quest to become familiar with ethnography I naively expected to be able to read about how to conduct ethnographic studies and then be able to go out and 'do it' according to a standardised approach. This did not prove to be the case. Ethnography is performed by researchers from all epistemological and ontological backgrounds. Since they approach and validate their research in very different ways there is a variety of research offered under the ethnographic banner.

Referring back to Fetterman's statement about the constraints on ethnography as a method, the substance of these constraints depend on the researcher's or the audience's own philosophical position. Thus a positivist researcher would find lack of objectivity a constraint of ethnography whilst, from a reflexive stance, the lack of objectivity is seen as an inevitable part of social research and therefore not a constraint.

2.4 Reflexivity

It is concerns about the presence of the researcher, both in gathering and analysing the data, that seems to account for the majority of the debate around research paradigms and methods. This is particularly true of ethnography since the researcher is directly involved with subjects through fieldwork activities. The effect of the researcher is a particular source of anxiety for both positivists and naturalists who both seek to eliminate the effects of the researcher on the research process. Much of the debate around research methods concerns where a particular research method lies in relation
to the positivist versus naturalist paradigms. Hammersley and Atkinson (1983a:14) state:

‘The distinction between science and common sense, between the activities of the researcher and those of the researched, lies at the heart of both positivism and naturalism. It is this that leads to their joint obsession with eliminating the effects of the researcher on the data.’

For Hammersley and Atkinson the key to solving the paradigm dilemma rests on acceptance of the reflexive nature of social research. By this they mean that we are all a part of the reality we investigate and it therefore becomes impossible to eliminate any effect we may have. Acceptance of this position requires the researcher to;

‘...recognise that we are part of the social world we study (Gouldner (1970); Borhek and Curtis (1975); and Hammersley (1983b)). This is not a matter of methodological commitment, it is an existential fact.’ (1993a:14)

Reflexivity offers the researcher a great opportunity, this being the chance to use skills and knowledge s/he has already developed. Hammersley and Atkinson (1983a) argue that we test hypotheses regularly as part of our everyday lives, for example in perception (Gregory (1970)) or for language learning (Chomsky (1968)). They give the example of a child putting up his/her hand in class. The teacher may guess from previous experience that the child wishes to answer a question or may wish to be excused from the classroom. In reality these seem the most plausible explanations. Clearly, however, there could be other explanations for the child’s behaviour. By observing the child and maybe asking questions several hypotheses can be tested. This is the essence of ethnographic research for these authors. Hammersley and Atkinson (1983a:25) summarise the relative positions of positivists and naturalists in terms of social research in the following way:

‘Neither positivism nor naturalism provides an adequate framework for social research. Both neglect its fundamental reflexivity, the fact that we are part of the social world we study, and that there is no escape from reliance on common-sense knowledge and on common-sense methods of investigation’.
Acceptance of reflexivity is not something that reduces the importance or impact of reflexivity. Reflexivity is described by Bannister et al. (1995:37) as:

‘ ...how the researchers position themselves within the context, process and production of the research, is of central importance in understanding the perspectives of the people being looked at: the researcher and researched are part of the same social world.’

The emphasis is no longer purely on the outcomes of the research as with traditional evaluation. Instead the researcher must question his/her role in the whole of the research process. This is noted by Usher (1997:1):

‘ ...for what is most in need of scrutiny is not the outcomes of research (which is the way methods are usually assessed) but also the epistemological commitments of any research. Even if researchers feel confident and see no need to review their methods, it is increasingly the case that social research now demands not only an evaluation of outcomes, but a reflexive analysis of the research process and of the place of the researcher within that.’

Acceptance of reflexivity is in some ways liberating. The researcher is no longer bound by practices that aim to ensure ‘objective’ research but can instead bring his/herself into the research process making use of skills that have been developed over a lifetime in order to complete day to day tasks. Alternatively, reflexivity can be daunting. As argued by Denzin and Lincoln (1998), qualitative research is at a time of dual crises: representation and legitimation. How do we know we are conducting good qualitative research and how do we convince others? Usher (1997:6) describes reflexivity as “a recognition of the way in which research ‘constructs’ a world to be researched.” In this way researchers are obliged to reconsider the way they conduct their research acknowledging their own influence on the whole research process.

Some authors feel that this movement has gone too far and that it has had a potentially crippling effect on researcher’s ability to conduct ethnographic work. Anderson
(1999) believes that 'post modernism's scepticism and hyper-reflexivity undermine empirical ethnographic work' (p. 454). Anderson (1999: 455) goes on to state:

'Qualitative data are perspectival. Ethnographers see through terministic screens, and their writings focus on some issues to the exclusion of others. In this, they are no different from any other social scientists – or any other writers including postmodernists.'

Anderson then argues that ethnography is no different from other kinds of research approach. What differs is the attention paid to reflexivity. Anderson argues researchers may take this too far which has a disabling effect on their ability to conduct research. Alvesson and Skoldberg (2000) have devoted their entire book to the issue of reflexivity. In the Foreward they state:

'The aim of this book is to try to promote a more reflective/reflexive approach to research in the social sciences...By a 'reflective approach' we mean that due attention is paid to the interpretive, political and rhetorical nature of empirical research...Reflection(reflexivity) is thus above all a question recognizing fully the notoriously ambivalent relation of a researcher's text to the realities studied. Reflection means interpreting one's own interpretations, looking at one's own perspectives from other perspectives, and turning a self-critical eye onto one's own authority as interpreter and author.'

As described above, ethnography draws on a variety of well-known research methods. It is also closely associated with discovery. For these reasons it may be viewed as simple and easy for anyone to conduct with very little advice or experience. Hammersley and Atkinson (1983a) believe this perception stems from its association with naturalist research. For some this infers that no structure is required. Hammersley and Atkinson (1983a: 28) state:

"...the course of ethnography cannot be predetermined. But this neither eliminates the need for fieldwork preparation nor means that the researcher's behaviour in the field need be haphazard, merely adjusting to events by taking
'the line of least resistance' Warren (1974). Indeed we shall argue that research design should be a reflexive process operating throughout every stage of a project.'

Ethnographic research is complex because it cannot necessarily be conducted in a structured way associated with other research methods. Much is demanded of the ethnographic researcher. As Fetterman 1989:12) states:

'...ethnographic work is not always orderly. It involves serendipity, creativity, being in the right place at the right and wrong time, a lot of hard work, and old-fashioned luck'.

Ethnography then is portrayed as a complex and demanding research approach, requiring much of the researcher. Another potential criticism of ethnography, again stemming from positivist traditions, is the issue of generalisability. This issue is addressed in the following section.

2.5 Generalisability and theory development

Researchers adopting a quantitative stance have in mind generalisability when they undertake their research. This was a concept I was very familiar with as a result of my undergraduate and postgraduate studies. Another area of controversy for ethnographic research is that the results themselves are not generalisable. Because of the time involved in conducting ethnographic fieldwork the number of cases involved is usually small. The formulae that allows generalisability are not applicable to ethnographic research. Again as a result of my previous experiences I held a belief that generalisability was a positive characteristic of research findings and yet here I was considering adopting an approach where generalisability was not applicable. I needed to examine this issue to ensure this was something I could reconcile. As I continued to attempt to become familiar with ethnography I found the solution to my dilemma. As Usher 1997 argues the purpose of social research is not generalisation, instead it is aimed at discovery. Usher (1997:5) states:
In social research, it is argued, the test of knowledge should not be
generalisation and prediction but interpretive power, meaning and
illumination. The focus should be on human action and interaction that by its
nature is meaningful and hence has to be interpreted.

The emphasis then is on understanding. The focus of ethnography is not to attempt to
generate universal laws but rather to add to our understanding of aspects of the social
world that were previously not understood. Generalisability, therefore, is not an aim
of ethnographic research. If this is so to what use can the findings be put? One
response to this is that offered by Hammersley and Atkinson (1983a) who stress the
role of ethnography’s contribution to theory development. In this way ethnography
can be used to challenge preconceptions, to offer alternative conceptions and to give
the researcher a chance to check his/her understanding. Hammersley and Atkinson
(1983a: 19) state:

‘In our view the development and testing of theory is the distinctive function
of social theory, it is this that marks it off from journalism and literature even
though it shares much in common with these other pursuits.’

Theory development is of course inductive in nature and is, therefore, more closely
associated with qualitative techniques. In contrast to theory development, theory
testing, with its emphasis on deduction, is usually more closely associated with
quantitative techniques. According to Hammersley and Atkinson (1983a), however,
theories can also be tested using ethnography. They suggest such testing is reliant on
the opportunity to collect data from a variety of sources on the basis that data
collected from one source can be tested against data collected from another source. I
would suggest that this argument relies on the skills of the researcher. A researcher
who uses one set of data selectively could also do so for other sources of data, hence
the need to be reflexive in approach. The same pair of rose coloured glasses could be
worn to view all sources of data. However, as Hammersley and Atkinson (1983a)
recommend, theories can be further tested by picking cases where the theory is most
likely to be proved false. As with other methods there is always a danger that cases
exist now or in the future that will disprove theory (Popper 1972). There is no
intention to attempt any theory testing in this thesis and thus no further discussion is devoted to this topic.

2.6 Conclusion

This chapter has attempted to document my attempts to adopt a research approach appropriate to this study. In the first instance I became convinced that a qualitative approach would be necessary in order to address the exploratory nature of this study. A consideration of qualitative research methods left me convinced that an ethnographic research approach would be appropriate for this study given its association with studying the unknown. Since I had only a very limited knowledge of ethnography I began to attempt to discover ethnography and answer the question ‘What is ethnography?’

The answer to this question was more complex than was first anticipated. Amongst the variety of available texts there was agreement that ethnography was a research approach that utilised a variety of research methods of which fieldwork was the method most closely associated with ethnography. Ethnography was traditionally associated with the work of anthropologists who sought to discover and describe the culture of remote societies, hence the reliance on fieldwork. Due to language barriers anthropologists were reliant on observation to try and make sense of the social world of societies which were relatively unknown. Ethnography has evolved from its anthropological roots. Developing a familiarity with ethnography requires complex issues to be addressed. What ethnography had been, is today and will be in the future is subject to considerable debate amongst those who practice it. This is problematic for a newcomer to the world of ethnography.

The discussion above emphasised ethnography’s role in investigating the social world. Such an approach makes use of a variety of methods in order to attempt to make discoveries where there is currently very little understanding. For this reason ethnography is very reliant on the skills of the researcher. Luckily the skills involved are ones that we use everyday of our lives (Hammersley and Atkinson (1983a)) during our attempts to make sense of everyday situations. Sense-making is a theme to
which this thesis returns - in particular in Chapter 7 where the work of Karl Weick (1995) is discussed. Weick (1995: xi) states:

‘you have, after all, been doing sense-making all your life.’

The issue of reflexivity in the research process was discussed. It was argued that reflexivity is a fundamental part of any research process that investigates the social world. Implicit in the acceptance of a reflexive approach is the belief that the researcher is a fundamental part of the research process. For this reason attention is turned away from trying to eliminate the effect of the researcher and turned towards trying to understand the effect of the researcher. The effect of the researcher permeates the whole of the research process, from the generation of research questions through to the offering of answers to those questions. Traditional evaluation criteria of what constitutes good qualitative research are, therefore, not applicable to reflexive ethnographic work. Usher (1999) notes that it is important that the researcher does not become ineffective as a result of efforts aimed at ensuring acknowledgement of the reflexive nature of social research.

It was argued in Section 2.5 that the issue of generalisability was not applicable to ethnographic work. Instead it was argued that the aim of ethnography was to develop understanding where there is currently a lack of understanding. This is seen as being inconsistent with the aim of developing predictive models and universal laws. Hammersley and Atkinson (1983a) argue that ethnography does have a role to play in theory development and, in this way, the outcomes of ethnographic work can have a wider impact.

The starting point for Hammersley and Atkinson in developing a research design is a ‘foreshadowed problem’, an idea borrowed from Malinowski (1922) who considered it unwise for researchers to set out to prove a hypothesis for fear of the impact this can have on the research process. Malinowski (1922: 8) makes the following comments about the researcher:

‘If he is incapable of changing his views constantly and casting them off ungrudgingly under the pressure of evidence, needless to say his work will be
worthless. But the more problems he brings with him into the field the more he is in the habit of moulding his theories according to facts, and of seeing facts in their bearing upon theory, the better he is equipped for the work, but foreshadowed problems are the main endowment of a scientific thinker, and these problems are first revealed to the observer by his theoretical studies.’

This view is consistent with a reflexive approach. Malinowski argues that researchers should enter the field with questions raised by theoretical investigations but he/she should not set out simply to prove hypotheses. If the researcher enters the field with this mindset he/she can almost certainly achieve his/her objective. The value of the research itself though will be highly questionable since the researcher has not been receptive to evidence that calls into question the said hypothesis. Popper (1972), of course, argues that it is impossible to prove hypotheses. Instead it is only possible to disprove them. The foreshadowed problem provides a means of outlining the issue to be addressed but should not focus the enquiry to such an extent that important ‘evidence’ is overlooked or ignored. An alternative starting point for an ethnographic study is for Hammersley and Atkinson (1983a:30):

‘the absence of detailed knowledge of a phenomenon or process itself represents a useful starting point for research’.

This was of course the starting point for this particular study where the review of the literature raised far more questions than it answered. Fetterman(1989:15) states:

'Theory is a guide to practice; no study, ethnographic or otherwise, can be conducted without an underlying theory or model. Whether it is an explicit anthropological theory or an implicit personal model about how things work, the researcher’s theoretical approach helps define the problem and how to tackle it.'

The proposed model of financial literacy offered in Chapter 1 has provided a guide for the way this study has been conducted. In Fetterman’s terms it is clearly a personal model about how things work based in part on a review of the available literature to date. Consistent with the work of Malinowski this study has a foreshadowed problem
at its heart. The literature review offered in Chapter 1 and the development of the proposed model are the theoretical studies referred to by Malinowski. Chapter 3 documents how a design for data gathering, including fieldwork, was developed in order to address the foreshadowed problem. This design was developed with the comments of Malinowski (1922) in mind: he advised that researchers should remain receptive to contradictory evidence in order to ensure the quality of the outcomes offered as a result of the study.
Chapter 3 Data gathering and fieldwork design

3.1 Introduction

The aim of this chapter is to outline how the foreshadowed problem, developed as a result of the work undertaken and documented in Chapter 1, was developed along with a design for data gathering. As already stated, the aim of this study is to offer a conceptualisation of financial literacy as this was currently found to be lacking. In Chapter 1 a model of financial literacy was offered which proposed that financial literacy should be viewed as meaning-making within a process involving informed decision-making aimed at achieving pre-defined objectives. The model is replicated here to aid discussion.

Figure 1.2: Financial Literacy viewed as a meaning making process

As was noted in Chapter 2, this model underpins the remainder of the study. The data gathered for the study were to a large degree determined by the model. The aim of the data gathering phase of the study was to gather sufficient data to examine each aspect of the model in order to comment on the usefulness of the model. Having done this it was hoped that a conceptualisation of financial literacy could be developed in accordance with the aim of the study.

The purpose of this chapter is to outline and justify the way in which data was gathered. Conducive with an ethnographic approach, data was gathered from a number of sources using different techniques. As noted in Chapter 2, fieldwork is the characteristic most closely associated with ethnographic research. Developing an
ethnographic fieldwork design can be complex due to the nature of ethnographic research. This is noted by Van Maanen (1995:7):

'Despite seventy or so years of practice, fieldwork remains a sprawling, highly personal, and therefore quite diverse activity.'

The chapter initially documents the choice of setting for the study (Section 3.2), the first decision required in order to proceed with the data gathering phase. Having made this decision a data gathering design was developed. This is documented in Section 3.3. It is noted that data gathering involved four overlapping strands. The first of these strands was the literature review already documented in Chapter 1. The other three strands were the pre-fieldwork phase, the fieldwork phase and, finally, the interview phase.

3.2 Choosing a setting

Having made the decision to conduct an ethnographic study in which the proposed model of financial literacy could be examined the next decision was: In which setting should financial literacy be examined? Clearly there was a number of 'fields' available in which to gather data. At the proposal stage of this study there was a number of options outlined as suitable settings. As noted in Chapter 1, these included school governors, local councillors and marketing managers, the logic behind these suggestions being that these individuals were likely to be involved in making decisions with financial consequences but were not necessarily financial experts. Even at the early stages of the study it was felt that looking at individuals who were not financial experts would be more beneficial than focussing on say, accountants or bank managers who could be expected to have some degree of financial expertise. This was in the belief that there were likely to be individuals with a variety of financial experience. For this reason it was felt that more could be learnt about financial literacy by studying those with very little financial experience.

One of the suggestions made by colleagues from the Accounting Education Research Centre, which partly funded this research, was to study schools and, in particular, school governors. School governors were recognised as being a group of individuals
School governors seemed an interesting group to study for a number of reasons. Firstly, school governing bodies in the UK are responsible for expenditure of more than £10 billion a year. Governors are required to make decisions with financial consequences in order to fulfil their responsibility for the finances of the schools they serve.

The National Governors' Council (1999:3) states in its booklet for school governors:

'Every year billions of pounds are invested in the education of our children. You have become one of a body of volunteers, numbering some 300,000 in England, who together are responsible for making good use of it.'

Despite its governors' responsibility for a school's finances, governors are not required to be financial experts or, indeed, to have had any financial training. Sallis (1993: 14) states that, as a governor:

'You are there not because you are an expert, but because you are not.'

School governors are valued for the variety of skills they bring with them. These may or may not include financial literacy. The then Department for Education and Employment (now Department for Education and Skills (dfes)) published a document offering guidance on new regulations setting out the 'terms of reference' for all governing bodies of maintained schools (i.e. maintained by public funds through the government) in England which came into force on 1 September 2000. In this document (DfEE (2000d:1) the "respective roles and responsibilities" of governing bodies and head teachers are described as follows:

The governing body are (sic) to carry out their functions with the aim of taking a largely strategic role in the running of the school. This includes setting up a strategic framework for the school, setting its aims and objectives, setting policies and targets for achieving the objectives, reviewing progress
and reviewing the strategic framework in light of progress. The governing body should act as a 'critical friend' to the head teacher by providing advice and support.

The head teacher is responsible for the internal organisation, management and control of the school; and for advising on and implementing the governing body's strategic framework. In particular, head teachers need to formulate aims and objectives, policies and targets for the governing body to consider adopting; and to report to the governing body on progress at least once every school year.

Within the same document the DfEE (2000d) provide a 'Governing Body Decision Planner'. This planner (included in Appendix C) outlines, for each school, function the recommended or statutory decision level. Level 1 is for decisions to be made by the full governing body. Level 4 indicates decisions to be made by the head teacher. Where crosses appear in columns, the particular function cannot be carried out at a particular level, or Regulation 42 of the School Government regulations prevents the governing body from delegating it. In terms of the school budget there are two tasks which cannot be delegated – that is they remain the responsibility of the full governing body. The first of these tasks is the approval of the first formal budget plan each financial year, a decision which can be made with advice from the head teacher. The second task is to investigate financial irregularities where the head is suspected, a task which must be undertaken without advice from the head teacher. Other tasks such as miscellaneous financial decisions (e.g. write offs), investigating financial irregularities not involving the head teacher and making payments can be delegated to the head depending on the amounts involved. Where the amounts involved exceed limits the decisions must be taken by the full governing body with the advice of the head teacher. The full governing body then has responsibility for the school's financial resources through its duty to approve the annual budget.

Despite their ultimate responsibility for the finances of the school, the day to day responsibility often falls to the head teacher and usually the bursar. As a result governors are heavily reliant on the financial information provided by the head teacher and the bursar. A school's budget represents the financial resources available
to the school in order to implement strategy i.e. to run the school and educate its pupils. For these reasons schools and, in particular, school governors were considered an interesting setting in which to conduct the fieldwork for this study.

Originally, in the early stages of this study, consideration was given to studying more than one group of individuals with the hope of being able to compare and contrast the two settings. The nature of ethnographic research means that the commitment involved to study one setting in depth can be very demanding in terms of resources. As noted in Chapter 2 ethnographic work requires the researcher to spend time in the field and undertake a number of activities which are time-consuming. For these reasons studying more than one setting in depth was considered impossible and the decision was taken to only study schools and school governors. This decision reflects a trade-off between feasibility and desirability. It was perhaps desirable that fieldwork could have taken place in more than one setting. The temporal and financial resources available for this project meant that the feasible option took precedence over other desirable ones. This is not unusual in studies bound by time and financial resources.

Data was gathered using a number of techniques including the observation of governing body meetings and interviews with individual governors. As I will explain below, despite planning for three schools, I actually conducted my fieldwork research with two schools. I also collected data from a number of different sources as indicated below. Conducting fieldwork in just one setting with two schools did not result in a lack of data. The data I gathered from these two schools, along with other data from other sources, was rich and allowed me to address my foreshadowed problem as I had hoped.

3.3 Formulating a design for data gathering

3.3.1 Introduction

Considerable thought was given to the structure of the data gathering phases of this study. There were four main data gathering phases: Table 3.1 outlines these. These were not discrete stages as there was considerable overlapping of the phases, but there were at least four identifiable strands of data collection. These strands can be seen as
interwoven, each impacting on the other strands so that the work conducted in the pre-fieldwork stage had implications for what occurred in the fieldwork stage.

Table 3.1 - Phases in Data Collection

<table>
<thead>
<tr>
<th>Activity</th>
<th>Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literature review</td>
<td>To develop research questions/gaps in knowledge</td>
</tr>
<tr>
<td>Pre-fieldwork phase</td>
<td>To develop foreshadowed problem</td>
</tr>
<tr>
<td>Fieldwork: Observation, participation, e-mail forum</td>
<td>Data collection</td>
</tr>
<tr>
<td>Interviews</td>
<td>Data collection</td>
</tr>
</tbody>
</table>

The way the phases are presented in Table 3.1 may imply that these were defined at the outset and developed naturally and to some degree this is true. With much research, but with ethnographic research in particular, there is a large amount of luck involved in the way in which a study develops and I would not wish to obscure this point. Having conducted the initial literature review and made the decision to adopt an ethnographic approach to data gathering, I moved into the pre-fieldwork phase. During the pre-fieldwork phase I planned the other phases outlined in Table 3.1 in abstract. These phases did develop fairly smoothly, although certainly not effortlessly, thanks in part to planning but also equally thanks to some luck.

3.3.2 Pre-fieldwork stage – developing the foreshadowed problem

Whilst collecting data in the field is the hallmark of ethnographic research, there is a great deal of work that needs to be conducted before the researcher embarks into the field. Firstly, there is the pre-fieldwork stage. The aim of the pre-fieldwork phase in Hammersley and Atkinson’s view (1983a:32):
'....is to turn the foreshadowed problem into a set of questions to which a theoretical answer can be given, whether this be a narrative description of a sequence of events, a generalised account of the perspectives and practices of a particular group of actors or a more abstract theoretical formulation.'

In this study the foreshadowed problem in its broadest sense was the need to learn more about financial literacy in a particular context. The pre-fieldwork stage had a number of elements. The main aims of this phase were to learn more about school governors and to try and learn more about financial literacy within the chosen setting.

As Fetterman (1989:42) states:

'First the ethnographer must ask the right questions for a given research study. The best way to learn how to ask the right questions - beyond the literature search and proposal ideas - is to go into the field and find out what people do day to day.'

In the pre-fieldwork stage the emphasis was on developing the foreshadowed problem. In the first instance I needed to be sure that the choice of studying school governors was a good one, that is one where I could learn about financial literacy. There were two approaches used in this strand of the study.

The first strand involved making use of written material. I made extensive use of the internet where there are a number of sites aimed at school governors or with sections for school governors (DfEE, National Governors’ Council, OFSTED, Local Government sites). Where applicable I downloaded relevant material from the sites and obtained a number of relevant publications that were listed on the sites.
The second strand involved talking to people. I conducted seven preliminary interviews with school governors and a head teacher to discuss their experiences. These were arranged through personal contacts, mainly colleagues (or friends and family of colleagues). In addition I also met with a member of the executive of the National Governors’ Council (NGC). These are summarised in Table 3.2.

Table 3.2 Preliminary Interviews Conducted

<table>
<thead>
<tr>
<th>Subject</th>
<th>Date</th>
<th>Status</th>
<th>Record made</th>
</tr>
</thead>
<tbody>
<tr>
<td>JH</td>
<td>3 December 1999</td>
<td>Governor &amp; NGC Executive</td>
<td>Notes</td>
</tr>
<tr>
<td>GF</td>
<td>3 December 1999</td>
<td>Governor</td>
<td>Notes</td>
</tr>
<tr>
<td>KP</td>
<td>20 December 1999</td>
<td>Chair of Governors</td>
<td>Notes</td>
</tr>
<tr>
<td>HT</td>
<td>March 2000</td>
<td>Ex-head teacher</td>
<td>Taped &amp; Transcribed</td>
</tr>
<tr>
<td>JW</td>
<td>March 2000</td>
<td>Governor</td>
<td>Taped &amp; Transcribed</td>
</tr>
<tr>
<td>MH</td>
<td>3 May 2000</td>
<td>Ex-governor, former Chair</td>
<td>Taped &amp; Transcribed</td>
</tr>
<tr>
<td>PL</td>
<td>3 May 2000</td>
<td>Ex-governor, former Chair</td>
<td>Taped &amp; Transcribed</td>
</tr>
<tr>
<td>NW</td>
<td>10 May 2000</td>
<td>Governor</td>
<td>Taped Only</td>
</tr>
</tbody>
</table>

The NGC was formed in 1994. The NGC (1999) states in a pack it produced for governors:

"Its members consist of local governors' associations representing their governing bodies in their local authority areas. From this extensive base the NGC provides an influential voice for governing bodies nationally as well as offering support to local associations, governing bodies and individual governors."

The NGC has a web site offering information and advice to governors. It also has an e-mail based discussion group where governors can air their concerns or share information. The topics that are discussed are wide-ranging. I became a subscriber to the list which became a valuable source of data.

During the pre-fieldwork phase of the study I was invited to stand for election as a parent governor at the local primary school which two of my children attend. I
accepted and was duly elected. This opportunity arose due to my involvement in the school’s Parent Teacher Association. The experience has given an added dimension to my research. Whilst my intention was not necessarily to gather data for this study, the experience was useful for a number of reasons. I had the opportunity to experience for myself what it felt like to be an inexperienced school governor. As a 'new recruit' I had to learn new terms, learn about the way in which the governing body operated and so on. As I became more experienced I saw first hand the complex working relationships that exist within schools and within the governing body. Another advantage was that I gained access to documents such as LEA newsletters to which I would not otherwise have had access. These insights were useful initially in developing the foreshadowed problem and then later terms of making sense of the data I had gathered from other sources.

As noted above, the phases of the fieldwork design are presented here as if they were discrete. There was, however, a great deal of overlapping. The pre-fieldwork phase outlined above overlapped with the fieldwork phase and the strands begun in the pre-fieldwork phase continued into the fieldwork phase. I continued:

- to read documents produced for school governors;
- to interview colleagues who were school governors;
- to attend meetings of school governors at the local primary school as a parent governor;
- to subscribe and participate in the NGC’s e-mail discussion group.

The pre-fieldwork phase confirmed my belief that schools would indeed prove to be an appropriate setting in which to study financial literacy. The next action required, therefore, was to find school governors to study in situ. In deciding where to conduct research pragmatic considerations may have a significant impact on ethnographic research (Hammersley and Atkinson 1983a).

Ethnographic research, as it is interpreted here, does not seek to choose cases which are representative in order to allow generalisability of the results themselves. Hammersley (1995) describes three styles of case study research. Although this study does not rely on the case study method, Hammersley's descriptions are relevant to the
choice of cases (i.e. schools) for this study. The three motivations for choosing cases according to Hammersley are:

1. Typical cases are chosen – where the researcher seeks to choose cases which represent a larger whole or aggregate.

2. Cases to test theory – the researcher studies more and more cases in order to ensure the theory holds.

3. Unique cases – these are chosen when the researcher is not concerned with notions of representativeness, as they acknowledge the uniqueness of each case. The researcher is concerned with how the working of processes are illuminated by single cases.

The schools chosen for this study fall into the latter category. They have been selected to investigate the process identified in Chapter 1 – the proposed model of financial literacy. The issue of representativeness remains an issue as conducting research in a setting which is known to be atypical may call into question the usefulness of any findings as a result of that work. However, consistent with the inductive approach adopted for this study the schools in this study were chosen with the third of Hammersley’s motivations in mind. The findings of this study are necessarily offered tentatively due to the limitations in fieldwork activities. This is the nature of an exploratory study.

3.4 Which schools?

3.4.1 Introduction

Having decided that schools were a suitable setting in which to examine financial literacy the question then arose: Which schools? There are several different types of school which vary in the way they are funded, controlled, and in the types of children they serve. The following discussion initially outlines some of the different types of school. It also outlines the thought processes behind the decisions that were taken in deciding which schools and school governors to study. The discussion then
documents the ways in which schools (and their head teachers and governors) were engaged as participants in the study.

3.4.2 Which types of school?

There are at least two ways in which schools can be classified in this country. Firstly, schools can belong to either the public (maintained schools) or the private sector (independent schools). I chose to examine schools funded through the public sector, i.e. maintained schools. There were a number of reasons for this. The documents on which I had partly based my decision to examine schools all related to maintained schools. I was under the impression that it was unlikely that similar sources of information would be available for the private sector. Secondly, all the individuals I interviewed in the pre-fieldwork stages of the study were involved with maintained schools. The final reason I chose to examine maintained schools is because of my personal interest. I feel very committed to maintained schools which clearly provide education to the majority of young people within the United Kingdom. I firmly believe that a society such as our own has an obligation to provide a high standard of education for young people, free at the point of delivery. I was therefore very interested in learning more about the financial literacy of governors within these schools.

During my pre-fieldwork, I became familiar with the different types of state maintained schools. This diversity stems from a major restructuring of maintained schools undertaken by the present government. This restructuring was completed by September 1999. There were changes to school governance stemming from the School Standards and Framework Act 1998. These involved changes in the way in which schools are funded and also in the way they are governed. The changes are summarised in a document published by the Association of Teachers and Lecturers (ATL)(1999) and are outlined below:
April 1999:

- All maintained schools are now funded directly through their Local Education Authority (LEA) under the Fair Funding system.
- The Funding Agency for Schools (FAS) which was responsible for funding grant maintained schools was abolished.

September 1999:

- Five (county, grant maintained, voluntary-aided, voluntary-controlled and special-agreement) previous types of state schools were restructured into four new categories: community, foundation, voluntary-aided (VA) and voluntary-controlled (VC).
- The composition of governing bodies was changed (e.g. more parent governors, a 'staff governor').
- The rules of school government were amended due to the 1999 School Government Regulations affecting: delegations, voting rights, disqualifications, exclusions of governors and governors' removal from office.

As noted above, there are now four categories of state maintained schools. Their main characteristics are documented by ATL (1999) and are summarised in Table 3.3 below. The main difference between the first two entries and the latter two entries is that the latter have formal links with a church. Community and foundation schools have no such formal church links. The majority of the interviews I conducted in the pre-fieldwork phase of the study were with individuals involved with community and foundation schools. During these interviews I spoke to individuals who were involved with foundation schools. As can be seen from Table 3.3, foundation schools are formerly grant maintained (GM) schools. This meant that during the previous 10 years the schools had opted out of LEA control and chosen to be funded directly through the Funding Agency for Schools (FAS). Comments made during these pre-fieldwork interviews indicated that this decision was made, at least in part, for financial reasons. As noted in Chapter 1, the focus of this study was expected to
examine individuals’ ability to recognise decisions have financial consequences. Individuals at all foundation schools had in the past made such a decision in choosing to become grant maintained.
Table 3.3 The characteristics of the four types of state maintained school (ATL 1999)

<table>
<thead>
<tr>
<th>Type of School</th>
<th>Characteristics</th>
</tr>
</thead>
</table>
| Community      | - Replace previous county schools  
                  - LEA owns the land and buildings and is the ultimate employer of the staff (although governors retain most employment powers)  
                  - Appointment and dismissal of staff determined by Schedule 16 of the SSFA 1998 (with some modifications)  
                  - Minor changes to composition of governing body  
                  - LEA controls the dates of terms and holidays and governing body decides times of school sessions |
| Foundation     | - Replace former grant maintained schools  
                  - Are funded directly from LEA  
                  - Acquired two new LEA governors  
                  - School premises are either held on trust by a foundation or held by the governing body itself  
                  - Balance of representation has shifted away from first/foundation governors towards parental representatives  
                  - New requirements apply to the appointment and dismissal of staff (comparable to community schools)  
                  - Governing body remains the employer of the staff  
                  - Governing body controls both the dates of school terms and holidays and the times of school sessions  
                  - Foundation schools are 'exempt charities' (i.e. they have charitable status but are not subject to the jurisdiction of the Charity Commission and cannot formally register as charities). |
| Voluntary-aided| - The present voluntary-aided category (essentially for church schools) has been preserved. Existing VA schools, and GM schools which were formerly VA, have generally adopted this category, as have special-agreement schools  
                  - Governing body remains the employer and is required to fund 15% of capital projects  
                  - Governing body controls both the dates of school terms and holidays and the times of school sessions  
                  - Like foundation schools are 'exempt charities'  
                  - Seen changes to composition of governing body and introduction of statutory rules over the appointment and dismissal of staff under SSFA 1998 |
| Voluntary-controlled | - LEA employs the staff  
                   - The schools retain their religious ethos via a church/foundation which holds the premises on trust and has the right to appoint foundation governors.  
                   - Like foundation schools are 'exempt charities' |
When searching for information on formerly grant maintained schools on the internet I came across a database called the Grant Maintained Schools Database. This is maintained by NDAD (UK National Digital Archive of Datasets) and became available in February 2001. In the information surrounding the dataset NDAD (accessed 14/01/02) state:

'Despite the encouragement of GM schools by the 1979-1997 Conservative Government relatively few GM schools were established. By January 1998 there were 508 GM primary schools in England (compared to 17804 LEA-maintained primary schools) 667 GM secondary schools (versus 2,900 LEA-maintained secondary schools) and 21 GM special schools (versus 1143 LEA maintained special schools and 65 'non-maintained' special schools). In 1998 the new Labour government abolished GM schools.'

The decision to become GM was one taken by relatively few schools. As has been noted, I had been told that the decision was made in part for financial reasons. I was very interested, therefore, in looking at schools which had made this decision.

Another way in which schools can be categorised is between primary and secondary schools. My decision here was to select secondary schools. Secondary schools tend to be larger than primary schools. The budgets they command are therefore also larger. My pre-fieldwork interviews had suggested that it was more common for secondary schools to have bursars to aid in managing these budgets. I felt that studying these larger organisations may be more beneficial to the study as there would be more funds, more staff and more pupils to be managed within the school. I therefore felt there may be more opportunity to witness governors making decisions with an awareness of the financial consequences within these larger organisations.

The following section documents the ways in which schools were engaged in the study.
3.4.3 Engaging the schools

Two important decisions were documented in the previous section. The first of these was that schools and, in particular, school governors, were an appropriate setting in which to examine financial literacy. Secondly, I decided that I was interested in foundation schools because at some point in the past governors had made a decision with financial consequences, that being the decision to become grant maintained. The time had come to try and engage schools in the study. This was potentially a difficult task. The commitment required by participants in ethnographic research clearly spans over an extended period of time. For this reason I anticipated that it may be difficult to recruit schools to become involved. Fortunately, this did not prove to be the case. During all the involvement I have had with schools anonymity of the schools and the school governors within those schools has been assured. In order to protect this anonymity certain details which follow have been obscured deliberately.

As noted above, pragmatic considerations were important when deciding which schools to approach. As I intended to make regular trips to the schools to observe meetings over a sustained period of time, I wished to ensure travelling time was not too excessive. My first decision was therefore to choose schools near to my home if possible.

Ethnographic studies of alien cultures conjure up images of the stereotypical researcher attempting to live as a native, in the hope of gaining a true understanding of that culture. In some cases the researcher operates covertly because it is the only option available to the researcher due to the nature of the subject under enquiry (e.g. Fielding’s covert study of the National Front (1981)). In such cases those being researched are often hostile to the idea of being researched. There are clearly ethical decisions to be made when choosing whether to perform covert research and there is literature which discusses these issues (e.g. Fielding 1993, Lofland 1971).

In this study I had the option to work covertly. This would have involved my gaining access to a school, perhaps by becoming a school governor for example, and then keeping my intentions hidden. Whilst I did actually become a school governor at a
local primary school whilst undertaking this research, there was no attempt to hide my research interest. Operating covertly is always a decision with ethical considerations and it was an option I chose to dismiss. I had no reason to believe that governors having knowledge of my intentions would seriously impact negatively on the research process. Accepting the reflexive nature of the research process discussed in Chapter 2 I accept that my decision to operate overtly will have had some impact on the research process but I have no reason to suspect that this would undermine the research findings of this exploratory study.

Originally I had planned to study at least one community school and one foundation school. In line with this aim I identified two schools to approach, a foundation school and a community school. In order to try and increase my chances of engaging the schools I chose schools which I had attended in the past. These schools were both located near to my present home.

Once two schools had been identified the best way to approach the schools was considered. As a result of discussions with my supervisor we agreed that the approach should be targeted in the first instance at the head teachers of both of the schools. This was felt appropriate since the head teacher is the professional responsible for the day-to-day running of the school. It was therefore considered important that the head teacher should be receptive to the idea of conducting research at the school. Whilst approaching the chair of governors may have been appropriate in some instances, my supervisor and I agreed that this tactic may risk alienating the head teacher. Furthermore, it was felt that if the head teacher did receive the project favourably then this would have a favourable effect on the response of the school governors who clearly also needed to agree to involvement in the study. Negotiating access is a crucial part of a study such as this one, without access the study cannot continue. For this reason a great deal of attention was paid to ensuring that the approach was conducted well in the hope that this would again maximise the chance of a favourable response.

Convinced that the head teacher was the most appropriate person to contact in the first instance, we also decided that the approach may have greater impact coming from my supervisor as a senior member of the department. A letter was constructed outlining
the nature of the research interest. The letter, personalised for each school was essentially the same for each school, concluded with a request for us (the head teacher, my supervisor and myself) to establish a ‘research-based dialogue’. The letter for School A is included in Appendix D

In December 1999 the letters were sent to the head teachers of both schools. I followed up these letters with a telephone call (as outlined in the letters) in order to try and arrange a meeting. The head teacher of the foundation school, agreed. When I made telephone contact with the second school, on more than one occasion, I was told the head teacher was not there. In due course contact was made by the Chair of Governors who explained that the school did not have a head teacher at that moment in time as the head teacher had left in mysterious circumstances and that now was not a good time for the school to become involved in any new projects. She did say, however, that I could contact the school at a later date. She also said she was happy to meet with me to discuss my research if I felt that would be useful. We did meet and had an interesting discussion but nonetheless I then needed to find another school.

In the meantime, during the Christmas vacation 1999, I read a friend's local paper which contained an article about a local foundation school. The financial position of the school was such that the governors felt they had no alternative but to make a plea to parents for financial donations. I immediately thought this would be an interesting school to study. Contact was made with the head teacher after the Christmas vacation using a copy of the aforementioned letter sent from my supervisor. Again the follow up telephone call was met by a positive response from the head teacher.

Meetings were arranged at the two schools with the head teachers, myself and my supervisor who kindly said he would be willing to attend. These meetings were very interesting. The head teachers were both welcoming, generous with their time and willing to share their own experiences. At the conclusion of the meetings both heads said that they would each approach their respective governing bodies on my behalf on receipt of a document outlining what involvement in the study would mean for governors. I produced such a document for the head teachers to present to their respective governing bodies (included in Appendix E). This outlined:
The aim of the study; why financial literacy had been chosen as a theme; why schools had been chosen as a setting; what participation in the study would involve for the head teacher and governors.

The response to the head teachers' presentations was favourable in both cases, with both governing bodies agreeing to become involved in the study. The schools are characterised in general terms in Table 3.4. The information is taken from the schools' most recent OFSTED inspection report (Inspection carried out under section 10 of the School Inspections Act 1996). Anonymised sections of these reports are included in Appendix F.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>School A (December 2000)</th>
<th>School B (November 2001)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age range of pupils</td>
<td>11-18</td>
<td>11-18</td>
</tr>
<tr>
<td>Gender of Pupils</td>
<td>Mixed</td>
<td>Mixed</td>
</tr>
<tr>
<td>Number of pupils</td>
<td>1343</td>
<td>1250</td>
</tr>
<tr>
<td>Number of pupils entitled to free school meals</td>
<td>Very low (&lt; 3%)</td>
<td>Below average (precise figure not available)</td>
</tr>
<tr>
<td>Demand for school</td>
<td>Popular and Oversubscribed</td>
<td>Popular and Oversubscribed</td>
</tr>
</tbody>
</table>

I began to attend meetings of the full governing body and finance sub-committees of School A in February 2000 and School B in May 2000. Table 3.5 in Sub-section 3.5.2 summarises the meetings I attended and interviews I conducted. The notes from meetings were written up as soon as possible after the event. I made my notes on a combination of paper taken with me and also papers which were circulated during meetings. I also had access to some of the papers received by the governors in advance of the meetings and those given out in meetings. These notes reflected
anything I thought may inform the study. In particular my attention was drawn to any
discussion of matters with financial consequences. In addition though I made notes of
other matters that interested me such as tension between individual governors or
between the head teacher and governors for example. Such note-making is necessarily
subjective and reliant on my own ability to keep up with meetings. Given the
reflexive nature of this study and my social constructionist philosophical position this
was not considered problematic.

At School A the Clerk to the Governors offered to put me on the circulation list to
receive the papers and agenda for full governing body meetings in advance. I accepted
and therefore received a full set of all papers in advance of each full governors’
meetings. The Clerk at this school was very welcoming to me during my involvement
with the school. This did not happen at School B. Since I did not feel I had a
relationship with the Clerk at this school, whose role seemed far more clerical, I did
not feel it appropriate to ask to be put on the mailing list at School B.

My experience at School A involved my going into the school during the school day,
which is something that only happened once at School B, during the preliminary
meeting with the head teacher. In addition to this the full governing body meetings at
School A had a coffee break in the middle. This allowed me to speak informally with
the governors of School A who were very welcoming. This did not happen at School
B. My relationship with the governors at School B was far more distant than it was at
School A. This was not the case for the one to one interviews where all participating
governors were incredibly welcoming and helpful.

At both schools the papers for the Finance Sub-Committee were given out in the
meeting, not in advance, so I had access to the relevant papers. I was allowed to keep
the papers distributed in meetings and these became part of my data collection. A
copy of the notes I made at the first finance meeting I attended at each school is
included in Appendix G.
3.5 Interviews

3.5.1 Introduction

The final phase of the data collection process consisted of interviews. Having observed the governors in meetings I wanted to have the opportunity to talk to governors about their experiences. As outlined in Chapter 4, analysis of ethnographic data is an iterative process. Several themes had emerged during the pre-fieldwork and fieldwork phases which I felt would allow me to discover more about financial literacy. I developed an interview schedule which I used to structure the interviews. This process is outlined in greater detail below.

3.5.2 Arranging the interviews

The first stage in arranging the interviews involved developing a letter to be sent to all the school governors at both schools outlining why I wished to speak to them and asking them whether they would be willing to participate in an informal one-to-one discussion. These letters were sent to their home addresses with a pre-paid envelope and a reply slip. Each of the two governing bodies had around 20 governors (the numbers fluctuated during the study) and of these a total of 19 were interviewed. A summary of these interviews is included in Appendix H. Clearly I can only speculate about the reasons why some governors did not wish to be interviewed. One governor did actually reply to my request explaining that they were just too busy and another three governors initially agreed to be interviewed but arranging the interviews proved complex and they later retracted their offer again due to temporal restrictions. As for the remainder of governors I can only guess their reasons for non-participation in the interviews. Inevitably there were governors who did not attend meetings regularly and maybe their lack of availability or commitment to attending meetings was reflected in their unwillingness to participate in the study.

The split of governors who did participate in the one-to-one interviews between the two schools is shown in Table 3.5. I also had the opportunity to interview the bursar at School A in an attempt to capture ‘A day in the life of the bursar’ at her suggestion. As noted earlier, the head teacher and the bursar are responsible for the day-to-day
running of the school. I wanted to try and understand what this encompassed. The bursar at School B did not make a similar offer and, having already seen one bursar, it was not an activity I felt it was necessary to repeat.

The majority of the interviews took place over a period of three months (October to December 2000) with one interview being conducted in 2001. The interviews were held at locations suggested by each individual governor and were intended to allow as little disruption to governors as possible. Locations included the school, my home, the governor's home, the governor's place of work and a coffee shop. I used the same interview schedule as a basis for all the interviews but every interview was unique. The interviews varied in length but ranged from 25 to 90 minutes. All participants were asked if they would be happy to have the interview tape recorded. Two governors declined. One governor gave her reasons for declining. She was certain she would say things that would upset people and therefore preferred not to be taped. No explanation was offered by the other governor who declined. Notes were made in these interviews. Technical difficulties with one tape meant that two interviews were unintelligible and therefore were discounted. Fifteen taped interviews were transcribed in full, 12 by myself and three by a friend. A summary of the pre-fieldwork and fieldwork interviews undertaken is shown in Table 3.5
Table 3.5 - Summary of interviews undertaken and meetings attended

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
<th>Timescale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-fieldwork interviews</td>
<td>8</td>
<td>Nov 1999 – May 2000</td>
</tr>
<tr>
<td>Preliminary interviews held to arrange access to</td>
<td>2</td>
<td>Jan 2000 - Feb 2000</td>
</tr>
<tr>
<td>school</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meetings at School A</td>
<td>8</td>
<td>Feb 2000 – Nov 2000</td>
</tr>
<tr>
<td>Meetings at School B</td>
<td>5</td>
<td>May 2000 – Dec 2000</td>
</tr>
<tr>
<td>Interviews with governors at School A</td>
<td>9</td>
<td>Nov 2000 – Dec 2000</td>
</tr>
<tr>
<td>Interview with bursar at School A</td>
<td>1</td>
<td>May 2000</td>
</tr>
<tr>
<td>Interviews with governors at School B</td>
<td>10</td>
<td>Oct 2000 - Feb 2001</td>
</tr>
</tbody>
</table>

3.5.3 Development of the interview schedule

The purpose of these interviews was to supplement the data that had already been gathered. The interviews did not begin until October 2000 which was well into the fieldwork phase. An interview schedule was developed in order to structure the interviews and to make good use of the time available. A copy of this schedule is included in Appendix I. The majority of the governors had very busy schedules and I was aware that these people were very generous in fitting me into either their own free time or alternatively into their working day. As an estimate I told governors that interviews would last about 45 minutes.

The main objective for the interviews was to examine the proposed model of financial literacy. In developing the interview schedule questions were included that aimed to address each of the elements of the model. Some questions inevitably overlap more than one element of the proposed model.

The first set of questions were introductory questions. (e.g. How long s/he had been a governor, which committees s/he had served on, what kind of a governor s/he was). The reasoning behind these questions was firstly to try and make the governor feel comfortable by asking relatively straightforward questions. The second reason was
because I felt this data would be useful for analysis purposes later on, allowing me to differentiate between governors in terms of length of experience, for example.

Within these interviews I wanted to explore each governor's own personal experience of being a governor. The conceptualisation proposed for financial literacy emphasises the process in which financial literacy plays its part. I wanted to keep this broad approach and not simply focus in one narrow part of the model e.g. decision-making. Instead the interviews aimed to cover the whole process shown in the proposed model of financial literacy.

In the proposed model it is argued individuals need to be financially literate in order to order to achieve their desired outcomes. I therefore wanted to know what are the desired outcomes of school governors. In order to explore this I concentrated on examining what the individual governors thought the role of school governors was. The role of school governors is explored extensively in Chapter 5.

Another area of questioning which arose directly through my fieldwork experiences was the section asking governors whether they were governors at the time the school became GM. In the early 1990s, before the two schools became GM, the schools had very little control over their own budgets which were controlled centrally by the Local Education Authority. Both of the schools in this study made the decision to become GM schools. This resulted in the schools having a devolved budget to manage for the first time. This was a crucial event in the history of both schools and I believed it had implications for the financial literacy of governors. Some of the governors who agreed to be interviewed were governors at the school at the time the decision was made to become GM. I felt that much could be learnt about financial literacy by examining people's experiences of this event. This did not preclude governors discussing other decisions.

Some of the questions were developed directly as a result of interviews conducted during the pre-fieldwork phase and also as a result of my attendance at meetings. These were included because I felt they would add to the conceptualisation. An example of this follows. Early in my pre-fieldwork phase I was told by a governor who was a colleague at the Business School that school accounts are easy, a case of
matching income with expenditure. I felt that if this statement was an accurate reflection of the way governors viewed their responsibility for the finances of the school then this would have implications for the proposed conceptualisation of financial literacy. I therefore decided to use this as the basis for a question. Another area where fieldwork informed the interview schedule was in questions concerned with the funding of schools. The issue that was raised more than any other during my pre-fieldwork interviews and my observations was concern over lack of adequate funding for schools. It was a topic that occupied a substantial amount of the time of both head teachers and governors at both schools. I felt that, since the issue pre-occupied much of the governors' time, I could not ignore this issue. Interview questions were dedicated to this subject again in order to use this data to comment on the proposed conceptualisation of financial literacy.

Other questions were aimed at exploring governors' own individual experiences of being a governor. I had observed these governors in meetings and I now wanted to know more about their own experiences. What did they as individuals bring with them to the governing body and to being a school governor? Governors were asked what they found the most satisfying thing about being a school governor and what they found the most frustrating thing about being a school governor. Governors were also asked if they could choose one single change that would improve their effectiveness as a governing body what would it be?

A transcribed interview is included in Appendix J. Choosing which interview to include was very difficult since each interview is unique. The transcript that was chosen is not intended to be representative of all the interviews I conducted. Instead it has been included to give an example of a finished transcript. The line numbers that appear on the transcript are there as a result of using the software package ‘The Ethnograph’. The use of this package is discussed in greater detail in Chapter 4.

The following section examines some of the issues that were raised during my attempts to discover ethnography that relates specifically to data gathering.
3.6 Choices in data gathering

3.6.1 Introduction

A reflexive approach recognises that the researcher has an effect on the whole of the research process and this necessarily includes the data that is gathered. The emphasis, however, is on trying to understand the implications of that effect rather than trying to eradicate it. There are a number of ways in which the researcher can affect the data gathered in an ethnographic study and some of these are discussed below. Firstly, in gathering data the researcher makes choices about which data to gather and which to ignore.

3.6.2 Resource Constraints

When conducting ethnographic fieldwork decisions are made which limit the data that is gathered. The researcher faces choices as a result of lack of time or other resources for example, or alternatively, constraints may be due to the individual setting.

The nature of ethnographic research means that the commitment required to study one setting in depth can be very demanding in terms of resources. In this study only one setting was explored due to both temporal and financial constraints. In line with the usual ethnographic research method data was gathered using a number of techniques including observation and interviews. Attendance at meetings meant travelling to and from the schools. Notes made at each meeting had to be written up. Meetings varied in length from ninety minutes to over three hours. Interviews with governors were also time-consuming again requiring me to travel, conduct the interview and then to transcribe the interviews. Arranging the interviews was in itself time-consuming. Some interviews had to be re-arranged and most involved a number of telephone calls. The time required to gather data in this way meant I was restricted in the number of schools and governing bodies I could hope to study.
3.6.3 Fieldnotes

Another problem faced by the ethnographic researcher is that s/he usually makes notes whilst in the field to record and document his/her experience. These notes are then a form of data. It is crucial therefore that attention is paid to ensuring that these notes are of a high quality. Fielding (1993) raises a number of issues to which the researcher should pay attention whilst writing fieldnotes. These are summarised in Table 3.6.

Table 3.6 Issues requiring attention when writing fieldnotes (Summarised from Fielding(1993))

<table>
<thead>
<tr>
<th>Issue</th>
<th>Attention required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time</td>
<td>The more time the ethnographer spends with the group the greater the degree of adequacy.</td>
</tr>
<tr>
<td>Place</td>
<td>The closer the researcher is to the issue of concern the better.</td>
</tr>
<tr>
<td>Social circumstances</td>
<td>The more the researcher can be involved, rather than relying on respondents' reports, the better.</td>
</tr>
<tr>
<td>Sensitivity to language</td>
<td>Familiarity with the language used in the context aids the observer.</td>
</tr>
<tr>
<td>Intimacy</td>
<td>Intimacy is a complex issue, extremes should be avoided.</td>
</tr>
<tr>
<td>Social Consensus</td>
<td>The researcher should try to get confirmation of meaning, that is using more than one source of data.</td>
</tr>
</tbody>
</table>

Whilst these approaches appear to be good practice in ensuring that the researcher pays close attention to field notes and may have much to offer the ethnographic researcher they do have positivistic connotations. There is a danger that, by flagging up these issues as requiring attention, an inference is made about ensuring that the researcher records an accurate record of events. Such a view ignores the impact of the researcher, that is the reflexive nature of the research process. It is important to remember that the aim here is not necessarily to reduce the effect of the researcher as
this is not consistent with reflexive research. The researcher needs to pay attention to these matters to ensure that the data that is gathered is detailed and of good quality as with any research. The reflexive researcher’s aim is not to provide descriptions of one ‘true’ view but rather to try ensure that as many voices as possible are heard.

3.6.4 Effects of the presence of the researcher

As noted in Chapter 2, the effect of the presence of the researcher is something that concerns all researchers. What effect does the researcher’s presence have on those observed? This is something that can never be quantified. Whilst it is not the aim of this study to seek to eliminate these effects in keeping with a reflexive approach, attention needs to be given to this issue.

My presence at school governor meetings has inevitably changed the format of those meetings. For some governors my presence in the group will have had a limited effect on their performance whilst for others the impact may be greater. Some participants in studies in which the researcher’s identity is known may have ulterior motives for behaving in certain ways or for making certain comments which affect the data the researcher collects. One of the school governors I observed, and later interviewed, had a very dramatic style of communication and he was the only governor who articulated his awareness of my presence at meetings of the full governing body. He did this on more than one occasion by making comments such as "Don't write this down" which added to the dramatic delivery of his statements to the other members of the governing body. He was clearly very aware of my presence and yet I have no way of knowing what effect, if any, I had on the things he said to me or to other governors.

Douglas (1976) believes that researchers should adopt an attitude of ‘tough minded suspicion’ when conducting ethnographic work. In other words, to be constantly aware that people may have an ulterior motive for behaving the way they do and saying the things they do so researchers should never accept things at face value. The need not to take things at face value was brought home to me more than once when I had my understanding challenged by events or conversations that happened later.
One less serious example of this involved the refreshments offered at full governing body meetings. When I attended my first meeting of the full governing body at School A I was pleasantly surprised to be offered coffee and a home made cookie during an interval in the meeting. This stood out as refreshments were not made available at any of the other meetings I attended and I considered it a pleasant gesture for all those involved including, of course, myself. Much later on I interviewed one particular governor who commented on the provision of refreshments. Historically, she had been responsible for introducing refreshments in her role as Chair of Governors. She felt strongly that since governors were giving up their evenings voluntarily to attend meetings they should, at the least, be offered a hot drink. This was agreed and put in place for a number of years until one day it was decided that governors should pay £10 for their refreshments due to budget constraints. This governor felt very strongly that in asking governors to pay for their coffee it defeated the whole object of providing it, especially given the limited sums involved. She felt that asking governors to pay for the coffee undermined the contribution governors made. An event that I had found so pleasant was actually steeped in meaning and in controversy, something I would never have discovered if this governor had not chosen to discuss the matter whilst responding to an interview question on another topic. This experience (and others) served to remind me how easy it is to accept things at face value and not be reflexive.

3.7 Conclusion

As noted in Chapter 2, the fieldwork phase of an ethnographic study is the phase that most characterises an ethnographic study. This is noted by Eder and Corsaro (1999:521):

"Ethnographic research typically involves prolonged fieldwork in which the researcher gains access to a social group and carries out intensive observation in natural settings for a period of months or years. To interpret what those participants under study are doing and saying, the ethnographer needs to know what daily life is like for them – the physical and institutional settings in which they live, the daily routine of activities, the beliefs that guide their
actions, and the linguistic and other semiotic systems that mediate all these contexts and activities.'

This then has been the purpose of the data gathering phase of this study. The aim was to investigate a number of questions including: What do school governors do and why do they do it? What impacts on what they do? How do they perceive their experiences? And, perhaps most importantly, what does this tell us about financial literacy?

Chapter 3 outlines the way data was gathered for this study and the way the fieldwork was conducted. It outlines series of decisions concerning which data to gather and where to gather it. Underpinning these decisions was the recognition that the aim of the study is to develop a conceptualisation of financial literacy. The aim of the data gathering and fieldwork was to collect sufficient data to examine the proposed model of financial literacy offered in Chapter 1, prior to offering a conceptualisation of financial literacy. These activities are summarised in Figure 3.1.

**Figure 3.1 Summary of Data Gathering Activities**

![Diagram showing the flow of data gathering activities]

The boxes that are shaded are done so to highlight that these activities were not just concerned with data gathering. They were simultaneously sense-making phases. As the data was gathered attempts to make some sense of the data were also made. This is expanded on in Chapter 4.

Data was gathered in four complementary phases. This was through available literature in the first instance. There then followed a pre-fieldwork phase during
which the decision was made to examine financial literacy within the context of schools, looking in particular at the financial literacy of school governors. A series of interviews was conducted in which it was confirmed that this was an appropriate setting.

It was then necessary to decide which schools to approach. A description of the main classifications of schools was offered along with a description of changes that have been instigated by the present government in the ways in which schools are funded and governed. Pragmatic considerations were considered very important when trying to engage schools in the study. Two schools were involved in the fieldwork phase of the study and the way in which these schools became involved is outlined in this chapter.

The final phase of data gathering involved a number of interviews with individual governors, and one bursar, from the two schools participating in the study. These interviews were conducted using an interview schedule that was developed as a result of the work that had been conducted in the other three phases.

The final part of the chapter refers to some of the choices that were made in gathering this data. An ethnographic study is grounded in the activities of the researcher which are determined by the researcher him/herself. I have undertaken this study using a reflexive approach. This approach requires the researcher to consider the ways in which s/he impacts on the research conducted and not to attempt to eliminate this effect. In this study my personal characteristics such as my age and gender will have impacted on the research process. Other examples of matters with impacting on the research process include:

- my philosophical position. This thesis has evolved as a result of my commitment to a social constructionist viewpoint;
- my strong desire to develop a plausible conceptualisation of financial literacy;
- my commitment to the importance of quality state education provision.
Conducting the fieldwork was a time-consuming experience. At the same time it was an enjoyable experience. All the people I met whilst conducting fieldwork were friendly, welcoming and generous. Clearly there were people who chose not to be interviewed for their own reasons but those who were interviewed in the pre-fieldwork and fieldwork phases they were all individuals who were committed to the schools they helped to govern. Their level of commitment to their schools was reflected in their willingness to allow me into their homes and places of work and this undoubtedly made my task a more enjoyable one.

At all stages of the data gathering I tried to be as receptive as possible to any sources of data that could possibly shed light on the issue of financial literacy. This is consistent with an ethnographic approach where the researcher tries to resist the temptation to gather and present data that merely confirms the original thoughts of the researcher. Whilst there is inevitably some progressive focussing as the study evolves, a reflexive researcher also looks for data that seems inconsistent with the original ideas. In order to be able to do this it is important to collect sufficient data. It is often not until later in the study that the significance of a piece of data becomes apparent. I ended the data gathering phase with a significant amount of data. Chapter 4 examines how I attempted to make sense of this data.
Chapter 4 Making sense of the data

4.1 Introduction

Without any doubt whatsoever the source of the most anxiety and agonising during this study stemmed from concerns over how best to make sense of the data. Most of this concern emanated from similar insecurities I faced when I initially chose to adopt an ethnographic approach to this study. The research I had previously undertaken was far more within the mainstream of quantitative research. Traditional techniques and validation criteria existed and were widely accepted for such research. As noted in Chapter 2, experienced practitioners of ethnography could not agree on what ethnography was, is or will be. The same practitioners had different views on what constitutes good ethnographic research, what should be done with the data gathered, and how the outcomes of ethnographic work should be best presented. This was unsettling for a newcomer to ethnography.

The positioning of a chapter devoted to making sense of the data after a chapter on data gathering and before chapters reporting research findings hopefully appears a logical one. This positioning, however, may give a misleading impression. Making sense of the data was not a neatly packaged segment of the research process for this study. Instead, making sense of the data was a concern that spanned the entire study. Consideration was necessarily paid to what was going to happen to the data once it was gathered and long before the process of data gathering had begun. Equally, as will be discussed later in this chapter, the process of writing was an intrinsic stage in attempting to make sense of the ethnographic data in this study. In this way even during the writing-up of this study attempts at making sense were still being made. This resulted in this chapter actually being one of the last chapters to be completed. I could not attempt to complete a chapter on making sense of the data until I was happy that I made sense of it and this did not happen in its entirety until the latter stages of writing up.

I think it is important that this is noted since this is often obscured by the style in which academic research is written up. The order in which the chapters in this thesis
have been presented hopefully allows sense to be made of the way in which the study developed rather than necessarily reflecting the order in which events actually took place. The whole process was far more iterative and nonlinear than any written account can portray. In order to write up successfully there needs to be an order to the discussion for any potential reader to make sense of what is being offered. In this study this order is dictated by a desire for clarity in order to allow the reader to make sense of the content. The actual process I was involved in was necessarily iterative, circular, challenging, demanding and ultimately rewarding. These fuzzy bits are often not reported in research reports. Acclimatising to such method is not always easy as noted by Grant and May (1999:554):

'Students expect to move ahead at a controlled pace, first collecting data, then analysing, then writing, and so forth. Moving along this pathway in a timely manner is seen as evidence of progress and worth. Within such a culture, pursuing an emergent theory, exploring the dialectical relationships between data and explanation, starting with an analysis, coming to realize it is off-base, starting over again, perhaps going back to the field with a newly focused eye may seem like chaos and lack of productivity, rather than pieces of the normal progression of qualitative research. This reality of ethnography always is hard to convey to students or to those who have not done it before.'

Having become familiar with literature on ethnography it was apparent that attempting to make sense of the data was not going to be a neat phase that followed data collection. Data gathered using an ethnographic approach requires a complex approach to analysis. The data collected in ethnography is often from a number of sources and in a variety of formats. For this reason the actual process of analysis can be very challenging. Fetterman (1989: 103) states,

'Analysis has no single form or stage in ethnography. Multiple analyses and forms of analyses are essential. Analysis takes place throughout any ethnographic endeavour, from the selection of the problem to the final stages of writing'
Chapter 3 outlined that the data collection phase of this study involved several phases. In the early stages the data took the form of pre-fieldwork interviews, and reviews of print outs of comments and questions posted to the NGC discussion lists and notes from my attendance at governors’ meetings at the two schools which were the primary research sites. The way in which I made use of this data was far less formalised than the analysis of data gathered later in the study. In line with the approaches outlined above I necessarily tried to make some sense of this data as I went along. The questions raised by data gathered in the early stages of the study informed the later stages and, in particular, the questions addressed in this thesis largely emerged from this process.

Denzin (1998) states that any discussion of how the researcher moves from the field to the text must address issues connected to storytelling traditions. He groups these issues into four areas: Sense-making, Representation, Legitimation and Desire. By sense-making Denzin means the way in which the researcher moves from the field to the writing process, deciding what will be written about, how it will be presented and so on. Representation is concerned with the issue of voice, the audience and the role of the author in the way texts are produced. Legitimation centres around epistemology and includes the way in which the text is to be legitimated. Finally, Denzin states that attention should be paid to the way in which the text is written and produced - what he refers to as desire. This includes attention to the style in which the text is written.

Denzin (1998:322) notes that that these issues are not discrete – each impacts on the other:

‘Sense-making, interpretation, representation and claims for legitimacy are all part of the same process. They can be separated only artificially.’

Chapter 4 attempts to address these issues starting with what Denzin (1998) describes as the issue of sense-making (Section 4.2). The sections that follow address the issues of representation (4.3), legitimation (4.4) and presenting the findings (4.5). There is inevitably some overlap between these discussions.
4.2 Making sense of data – moving from data to text

4.2.1 What is sense-making?

Denzin (1988) describes the process of moving from data to text as sense-making and it is to this theme that attention is now directed. Denzin (1998:313) describes making sense of data as an art:

>'In the Social Sciences there is only interpretation. Nothing speaks for itself. Confronted with a mountain of impressions, documents, and fieldnotes, the qualitative researcher faces the difficult and challenging task of making sense of what has been learned. I call making sense of what has been learned the art of interpretation.'

This comment outlines the expectation placed on ethnographic researchers to 'interpret' data. Making sense of the data requires the researcher to act. The data does not present answers for the researcher to record. Instead, the researcher must do something with the data. Dervin (1992:61) presents an alternative description of sense-making which stems from an information processing viewpoint. She describes sense-making thus:

>'The term sense-making has come to be used to refer to a theoretic net, a set of assumptions and propositions, and a set of methods which have been developed to study the making of sense that people do in their everyday experiences. Some people call sense-making a theory, others a set of methods, others a methodology, others a body of findings. In the most general sense it is all of these.'

These two descriptions of making sense of data characterise this act of sense-making as a complex phenomenon. In both cases it is portrayed as a complex activity. Denzin chooses to describe sense-making as an art, whilst Dervin sees sense-making as consisting of a number of facets.
In discussions of sense-making in this thesis there is a heavy reliance in this study on the work of Weick (1995). This is because I am particularly sympathetic to Weick’s view of sense-making and find the way he distinguishes sense-making from other activities such as interpretation very useful. This entire study is about sense-making. The over-arching aim of this study was to try and make sense of financial literacy—something which, it was argued in Chapter 1, is not currently well understood. Addressing this aim, however, required other acts of sense-making. Chapter 1 attempted to make sense of work done by other researchers in the hope that this would allow a conceptualisation of financial literacy to be offered. This was not forthcoming from the literature reviewed. In attempting to make sense of this literature a tentative model of financial literacy was developed and offered in Chapter 1. Chapter 2 outlines my attempts to make sense of ethnography. Chapter 3 outlined the way in which data was gathered in order to examine the usefulness of the proposed model of financial literacy offered in Chapter 1. It was noted in Chapter 3 (Section 3.7) that data gathering also involved sense-making. So, why has the term sense-making been adopted so deliberately then? Weick (1995:4) explores the concept of sense-making stating:

‘The concept of sensemaking is well named because, literally, it means the making of sense...How they construct what they construct, why and with what effects are the central questions for people interested in sensemaking.’

This said, Weick (1995:6) notes that sense-making is described by different authors in very different ways. Arguing that sense-making is equated with a number of different activities. Sense-making:

‘Is about such things as placement of items into frameworks, comprehending, redressing surprise, constructing meaning, interacting in pursuit of mutual understanding, and patterning.’

In order to try and clarify what he means by sense-making Weick (1995) tries to outline what sense-making is not. He begins by contrasting sense-making with interpretation. Weick (1995) argues that sense-making is not synonymous with
interpreting. Interpreting looks at a text that already exists, whilst sense-making is about authoring too. How was the text created in the first place? As Weick (1995:14) states:

‘When people discuss interpretation, it is usually assumed that an interpretation is necessary and that the object to be interpreted is evident. No such presumptions are implied by sensemaking.’

Weick argues that stimuli do not simply exist waiting for an interpretation. Sense-makers are active in noticing certain stimuli and ignoring others. Weick suggests that problems do not present themselves to practitioners in the real-world as givens, instead they are constructed. This construction begins with situations that are ‘puzzling, troubling or uncertain.’ He gives the example of professionals considering which road to build, a complex and uncertain situation. A decision will ultimately be made about which road to build but in setting the problem the professionals select what will be the ‘things’ of the situation i.e. those issues to which attention will be devoted. Weick (1995:9) notes:

‘Problem setting is a process in which, interactively, we name things to which we will attend and frame the context in which we will attend to them. (Schon 1983b:40).’

Continuing with the contrast between interpretation and sense-making, Weick argues that sense-making is much more about a process whilst interpretation is more closely linked to a product (an individual can be described as having made an interpretation but is rarely described as making a sense-making). As Weick (1995:13) notes:

‘The act of interpreting implies that something is there, a text in the world, waiting to be discovered or approximated. Sensemaking, however, is less about discovery than it is about invention.’

Drucker (1974) argues that sense-making is separate from decision-making. He contrasts the way in which problems to be solved are arrived at in different cultures. The Japanese concentrate on formulating the question to be answered in the belief that
the answer will follow once the question is formulated. Western efforts, however, concentrate directly on the answer to the question. In both instances the aim of the exercise is to make a decision. However, the way in which the two groups perceive the best way of achieving this, i.e. how they attempt to make sense of the problem, is very different.

Perhaps unsurprisingly given the discussions in Chapter 2 (Section 2.4), Weick (1995:15) notes that there is a reflexive quality to sense-making:

'People make sense of things by seeing a world on which they have already imposed what they believe. People discover their own inventions, which is why sense-making understood as invention, and interpretation understood as discovery, can be complementary ideas.'

In an attempt to summarise what sense-making is he emphasises that the term should not be understood metaphorically. Instead Weick (1995:16) states:

'Sensemaking is what it says, namely, making something sensible. Sensemaking is to be understood literally, not metaphorically....Although the word sensemaking may have an informal, poetic flavour, that should not mask the fact that it is literally just what it says it is'.

The focus of Chapter 2 outlines my attempt to make sense of the various research designs and methods available to conduct research studies. The result was the choice to adopt an ethnographic approach. This resulted in a need for further sense-making. What is ethnography? What are the implications of adopting such an approach? Chapter 3 outlines the design of the study including the way data was gathered. This chapter outlines how sense was made of the data. Chapter 7 returns to the theme of sense-making where a conceptualisation of financial literacy is offered. A discussion of sense-making is included here as I felt it important to state at the outset of this chapter that sense-making was not an activity linked to any one stage of this study. Sense-making is a theme that runs throughout this thesis in many forms. Clearly, I was heavily involved in trying to make sense of what governors did and said and what implications this had for a conceptualisation of financial literacy. Equally, however,
this study involved governors making sense of their own actions and thoughts. The thesis, of which this chapter is a part, is my attempt to make sense of financial literacy and also of my research efforts over the last four years and it hopefully allows others to make their own sense of what I have to offer.

4.2.2 Aims of the sense-making process

The current section of Chapter 4 aims to outline what the ethnographer is hoping to achieve when he/she makes sense of data. As noted above, to regard the process of analysis of ethnographic data as a distinct stage separate from data gathering is problematic. As Fetterman (1989:13) states:

'Whereas, in most research, analysis follows data collection, in ethnographic research analysis and data collection begin simultaneously.'

Hammersley and Atkinson(1983a) also believe that the process of analysis is not a separate stage of the research. Instead, the research has a funnel structure where the researcher adopts a process of progressive focussing. For these authors, however, the process of analysis often leaves much to be desired:

'Much ethnographic research......suffers from a lack of reflexivity in the relationship between analysis, data collection and research design. The data required to check a particular interpretation are often missing, or the typicality of crucial items are often missing, or the typicality of crucial items of data cannot be checked, or some of the comparative cases necessary for developing and testing the emergent theory have not been investigated.' p.174

For some ethnographic researchers the analysis of data goes no further than providing a description of their findings to the reader to do what he/she will with it. This is particularly true of ethnographers from the naturalist tradition who believe a distinction can be drawn between the researcher and the world that he/she researches. The naturalist researcher believes it is the role of the researcher to minimise the effect he/she has on the research process. With this assumption underlying the research
process description is possible. For those who argue for the reflexive nature of research, however, description alone is problematic. Acceptance of a reflexive view of the research process implies that description alone is inadequate. Instead what the reflexive researcher presents is an interpretation of events. The various sources of data that arise as a result of adopting an ethnographic approach ensure that attempts to make sense of the data become unsurprisingly complex, as Hammersley (1979:14) notes:

"In analysing data from participation, observation, interviews and documents, therefore, the ethnographer is normally concerned both with exploring and describing intentions, motives, perspectives and cultures and with developing theories regarding how these social meanings relate to the situations faced by the actors concerned. Indeed, he (sic) often goes beyond this, seeking more general models of the way in which these situations fit into the larger social structure: how they themselves have been produced."

This view of 'analysing' ethnographic data requires considerable effort on the part of the researcher. The important message that these quotations deliver is that the ethnographer cannot accept the data at face value. There is a need to constantly challenge the meaning of the data and it is this which gives conclusions their validity. Hammersley (1979:17) states:

"One of the major considerations involved in the analysis of ethnographic data, therefore, is to determine the role of the circumstances of data collection in its production. In other words, whatever its form, it is not to be taken at face value, as unproblematically representing the world it is supposed to describe. Only by investigating the processes by which it was generated can we determine its implications and decide what inferences can legitimately be drawn from it."

Hammersley then calls on the ethnographer to consider the way in which the data was gathered. This is consistent with a reflexive approach. Data gathered should not be accepted as an accurate reflection of the world but rather consideration should be
given as to why this particular version of events was presented and what might be the implications of such a presentation.

This section has outlined what the ethnographer aims to achieve when making sense of the gathered data. The following section outlines some recommended strategies designed to help achieve these objectives.

4.2.3 Strategies for making sense of the data

Section 4.2.2 outlined in general terms a researcher's aims in trying to make sense of his/her data. The purpose of this section is to try and outline what I did in order to try and make sense of my data. It examines the advice offered by ethnographers and other qualitative researchers on how to carry out qualitative data analysis and, in particular, ethnographic data analysis.

As noted at the beginning of this chapter, at the outset of this study making sense of the data gathered in this study appeared a daunting task. My concerns stemmed mainly from an insecurity about what constituted good ethnographic research. I lost count of the times I was asked by fellow doctoral students more familiar with quantitative methods 'Have you finished your analysis yet?' The question worried me. I asked myself 'How will I know when I have finished?' Eventually I resigned myself to the conclusion that I would reach a point where I stopped. This point would be when I had enough to be able to offer a plausible conceptualisation of financial literacy. This is not necessarily the same as finishing for good. There are other questions that could be addressed using the same body of data I have already gathered, yet I have not made any attempt to do so to date. The quest to conceptualise financial literacy has determined the analysis of the data, but it has not exhausted the potential of the data. The phenomena I describe here is noted by Richardson (1998:360):

' Even the analysis paralysis that afflicts some readers of postmodernism is attenuated when writers view their work as process rather than as a definitive representation.'
I was to some degree suffering from what Richardson describes as 'analysis paralysis'. To view the making-sense of data as an unfinished process is useful and certainly helped me to make progress. The idea that one should aim for one definitive representation of the data is enough to paralyse the most optimistic of researchers. This aim can perhaps be likened to the quest for the Holy Grail.

Just as there is a wealth of advice on which research methods to adopt and the implications of each of these, so there is a wealth of advice on analysing qualitative data. This sub-section includes some of these offerings. Fielding (1993) states that the mechanical procedures ethnographers use are straightforward and readily summarised. He offers the following diagram:

**Figure 4.1 : Fielding’s Data Analysis procedure**

Fieldnote $\rightarrow$ Search for categories $\rightarrow$ Mark up or cut up the data (re-sequence) transcripts and patterns (themes) $\rightarrow$ Construct outline

In this model, Fielding suggests qualitative data analysis is carried out sequentially and therefore begins during data collection. The researcher steps back from the data in order to see what it 'means' and, if necessary, hypotheses are revised to accommodate these findings. This allows the researcher to go out and collect more data. Fielding (1993:168) states:

'Ethnography generates hypotheses for further testing through the researcher's ability to apply a theoretical perspective to observations and pick up uniformities and irregularities in the data.'

Although this is a rather simplistic view of ethnographic data analysis it does capture the main activities undertaken by the ethnographer. According to Fielding (1993) the ethnographer views the data that has been gathered from a particular theoretical perspective noting data which seems consistent with, or alternatively is at odds with, the chosen perspective. This raises a number of questions including: How is the
ethnographer in a position to make such observations? How is s/he able to spot such consistencies or inconsistencies? Fetterman (1989) offers the following strategies (which I have summarised in Table 4.1) to employ when attempting to make sense of ethnographic data.

Table 4.1 Strategies employed in making sense of qualitative data

(Summarised from Fetterman (1989))

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thinking</td>
<td>Need to process information in a meaningful manner</td>
</tr>
<tr>
<td></td>
<td>Focus on manageable chunks of data</td>
</tr>
<tr>
<td></td>
<td>Compare and contrast data</td>
</tr>
<tr>
<td>Triangulation</td>
<td>Test one piece of data against another to strip away alternative explanations</td>
</tr>
<tr>
<td></td>
<td>Do people's own comments always match up?</td>
</tr>
<tr>
<td>Patterns</td>
<td>'Patterns are a form of ethnographic reliability' (p. 92)</td>
</tr>
<tr>
<td></td>
<td>Exceptions to the rule</td>
</tr>
<tr>
<td></td>
<td>Variations on a theme</td>
</tr>
<tr>
<td>Key Events</td>
<td>'Key events provide a lens through which to view a culture' (p.93)</td>
</tr>
<tr>
<td>Maps</td>
<td>'Maps, flowcharts and matrices all help to crystallize and display consolidated information' (p.95)</td>
</tr>
<tr>
<td>Crystallization</td>
<td>'The crystallization may bring a mundane conclusion, a novel insight, or an earth-shattering epiphany. The crystallisation is typically the result of a convergence of similarities that spontaneously strike the ethnographer as relevant or important to the study' (p.101)</td>
</tr>
</tbody>
</table>

These strategies were all adopted during my attempts to make sense of the data I had gathered. They all represent ways in which the ethnographer tries to create meaning from data. There is clearly nothing magical or formulaic about these procedures but I found them useful descriptions of the strategies I drew on in order to try and make sense of my data.
The strategies outlined by Fetterman can be viewed as techniques which are all part of a process which is designed to make sense of data. Siedel (1998) offers the following model of Qualitative Data Analysis (QDA) which I think usefully describes the process of which Fetterman’s techniques are a part (see Fig. 4.2):

**Figure 4.2 A Model of Qualitative Data Analysis (Siedel 1998)**

![Diagram of Qualitative Data Analysis process](image)

In designing the model Siedel (1998) aimed to capture the essence of all QDA whilst recognising that ‘there is great diversity in the practice of QDA’ p. E-1. (A more complex model is presented later in the article which expands on each of the components outlined above showing in particular how software packages such as *The Ethnograph* can aid the process.) The model presented by Siedel (1998) emphasises the non-linearity of the QDA process. In particular, the process is described as being:

- **Iterative and Progressive** – that is, it is a cycle that keeps repeating which is potentially infinite.
- **Recursive** – One part can call the researcher back to another so s/he may be collecting things whereby the researcher notices the need to collect new things.
- **Holographic** – That is each step in the process contains the entire process. So the researcher who notices things is already mentally collecting and thinking about those things.

The model portrayed in Figure 4.2 highlights the complexity of ethnographic work. The non-linearity of the experience requires the ethnographer to have a great deal of resolve, not to mention stamina. As noted by Grant and May (1999) in the
introduction to this chapter, it is often difficult to feel that any progress is being made at all when conducting ethnographic work. Significant breakthroughs in the thought processes are usually followed by further periods of sustained work rather than necessarily the feeling of being any nearer to the end of the study.

To return to the way in which the ethnographer seeks to manage the process of making sense, Hammersley and Atkinson offer their own approach. This is summarised in Figure 4.3 as follows:

**Figure 4.3 - Hammersley and Atkinson's approach to ethnographic data analysis**

(Summarised from Hammersley and Atkinson (1983a))

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
<th>Aim/strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Read the data</td>
<td>Become familiar with it&lt;br&gt;Look for patterns or things that are puzzling or surprising&lt;br&gt;Look for sensitising concepts</td>
</tr>
<tr>
<td>2</td>
<td>Develop a theoretical scheme</td>
<td>Finding links between the concepts and adding new ones</td>
</tr>
<tr>
<td>3</td>
<td>Develop typologies</td>
<td>A set of phenomena is identified that represents sub-types of some more general category&lt;br&gt;Allows researcher to consider the nature of each category and its relationship with others that may have been previously unconsidered or unsuspected</td>
</tr>
<tr>
<td>4</td>
<td>Concepts types and indicators</td>
<td>As the categories of analysis are being clarified and developed in relation to each other so must the links between concepts and indicators be specified and refined</td>
</tr>
<tr>
<td>5</td>
<td>Develop and test theory</td>
<td>Where applicable.</td>
</tr>
</tbody>
</table>

Hammersley and Atkinson's approach is consistent with their interest in the development and testing of theory. There are, however, some overlaps with previous
models. The process begins with the researcher becoming familiar with the data. This involves looking for patterns and dissimilarities, the result of this being the emergence of sensitising concepts. Beyond this, activities are aimed at linking the identified concepts through theoretical schemes and typologies, with the aim of eventually developing and testing theory.

This sub-section has attempted to capture the flavour of ethnographic data analysis which has been shown to be a complex non-linear process. During attempts to make sense of the data, which is essentially a cerebral process, the ethnographer has a number of strategies available. These have been outlined above. Informing the attempts to make sense of the data there is usually a theoretical perspective chosen by the ethnographer which directs his/her attention. Usually this is a theory or may be his/her tentative model. The perspective which has informed the way in which the data gathered in this study has been examined is of course the desire to conceptualise financial literacy. The model proposed in Chapter 1, and the overall aim of conceptualising financial literacy, has informed both the way in which the data has been gathered, and also, the way in which sense has been made of those data. It should be noted, however, that the role of ethnography is not simply to confirm existing theories or models. The ethnographer should actively seek conflicting or contradictory evidence and, on finding such evidence, the theory or model should be revised. Fetterman(1989:18) offers the following advice about selecting and using theories:

'The selection of a theory should depend on its appropriateness, ease of use, and explanatory power. Ideological bases for theory often blind rather than guide researchers making their way through the maze of data in the field. When theory is no longer a guide, it is no longer useful; when the data do not fit the theory, it is time to look for a new theory.'

The ability to perform in the way Fetterman suggests is, of course linked, with the researcher’s ability to be reflexive in approach. This has been an aim of this study. Section 4.3 that follows examines the issue of representation in the sense-making process.
4.3 Representation

Concerns which fit under the issue of representation include issues such as whose voice the researcher is seeking to present, the audience and the author's impact on the texts that are produced (Denzin 1998). There is much debate surrounding ethnography over the issue of voice. That is how well does the ethnographer represent the voice of those they study. Is it the role of the ethnographer to try and get inside the thoughts of those they study? Shweder (1996) disagrees with this notion. He argues that since it is impossible to get inside the thoughts of another. Instead he argues it is possible, and indeed necessary, to make sense of other individuals' experiences from a distance. He describes the way in which some cultures experience loss. In the culture which he describes the individuals concerned experienced physical symptoms such as fatigue and back-ache instead of expected displays of sadness. Shweder (1996:27) describes the process he engaged in, in order to make sense of these events:

'I think the way we do it is not by getting inside the other's head but by mind-reading. Mind reading begins with conceptual analysis. We begin with an analysis of the concept of a person, which leads us to the concept of a mental life (symbolic capacity, self, will, belief, desire, rationality, feeling, and so on), which leads us to the concept of emotions (self relevant feelings), which leads us to the concept of loss.'

The process described by Shweder can be represented diagramatically as shown in Figure 4.4:

Figure 4.4 Mind reading – conceptual analysis

(Summarised from Shweder (1996))
This I think is a useful description of one researcher's attempt to make sense of other individuals' experience. The process of making sense can be broken down into discrete stages with each stage being built on previous stages. The description of the process as a conceptual analysis reminds us that the process of making sense of data is a cerebral process as much as it is a systematic one. The intention is not to get inside others' heads but instead to provide plausible accounts of others' experiences. Shweder (1996: 49) adds the following comment:

'No one has to actually climb inside anyone else's head to understand that point of view. It does not really matter who constructs the model, us or them, as long as it provides a plausible and intelligible account of the concepts and ideas exhibited in the behavior of a designated moral community.' p.49

The aim of the researcher in making sense of the data and in the process of presenting findings is to find plausible and intelligible accounts. Pure description of the data is insufficient according to Eder and Cosaro (1999:523):

'Ethnographers frequently approach broad interpretations and abstract analyses form the study of daily actions and routines. To ensure that the generalisations made are culturally valid, they must be grounded in an accumulation of the specifics of everyday life and the participants' reflections on them. But simply describing what is seen and heard is not enough. To ascribe meaning to observations of specific activities and behaviors, one must engage in a process of interpretation that Geertz(1973) has called 'thick description'. Such a mode of interpretation goes beyond the microscopic examination of actions to their contextualization in a more holistic sense, to capture successfully actions and events as they were understood by the actors themselves.'

In attempting to make sense of ethnographic data then the researcher does not aim to present the voice of the individuals studied. Instead the researcher strives to make sense of that data using conceptual analysis (cerebral processes) in order to provide 'plausible and intelligible accounts'. In order to do this the ethnographer must aim to be very familiar with the specifics of the everyday life of those studied. If the
researcher can achieve this s/he is more likely to be able to provide plausible and intelligible accounts. Denzin (1998:315) notes that making sense of data is a personal pursuit:

‘Following John Dewey, I believe that the methods for making sense of experience are always personal......One learns about method by thinking about how one makes sense of one’s own life. The researcher, as a writer, is a bricoleur. He or she fashions meaning and interpretation out of ongoing experience. As a bricoleur, the researcher uses any tool or method that is readily at hand.’

This comment has overtones of the discussion in Chapter 2 (Sub-section 2.3.1) where the ethnographer conducting fieldwork was said to draw on a number methods. In the discussion above the ethnographic researcher is portrayed as relying on a number of tools and methods in order to make sense of data. Section 4.4 that follows examines the issue of legitimation.

4.4 Legitimation – claims for authority

This issue, one of the four highlighted by Denzin (1998) in the introduction to this chapter, was the one that induced the most fear in me as both researcher and writer. The decision to adopt a reflexive, ethnographic approach to this study lays a considerable burden on the researcher - in this study me! The researcher is entwined in the research process from designing the study, gathering the data, making-sense of that data and presenting the findings of the study. This has major implications for claims of truth. As Richardson (1998:359) notes:
'The contemporary postmodernist context in which we work as qualitative researchers is a propitious one.....Although we are freer to present our texts in a variety of forms to diverse audiences, we have constraints arising from self-consciousness about claims to authorship, authority, truth, validity, and reliability. Self-reflexivity unmasks complex political/ideological agendas hidden in our writing. Truth claims are less easily validated now; desires to speak 'for' others are suspect.'

On what basis do our claims for truth rest? Hammersley (1995b:132) discusses the 'validity' of ethnographic research findings:

'..the capacity of ethnographic research to produce valid findings is often overestimated in comparison with that of other approaches. Ethnography offers no magical solution to the methodological problems that face all social research.'

Hammersley notes here that ethnographic research has no greater claim to be able to discover 'truth' than any other method used in social research. The advantage that ethnography, as it has been interpreted in this study, does have over some other methods is that it pays more attention to potential methodological problems. Legitimation is a problem for ethnographers because as Denzin (1998:326) notes:

'A text and an author's authority can always be challenged. This is so for three reasons. First, stories can always be told(inscribed) in different ways, and the Others who are spoken for may offer different tellings of their story. Second, all texts are biased productions. Many reflect patriarchal, male interpretive biases....Third, the interpretive criteria that an author employs may be questioned, and the logic of the text that is assembled may be called into doubt.'

The three reasons outlined here cannot be overcome. Instead the researcher must keep these in mind at all stages of the research process and ensure attention is paid to these issues. If the researcher pays attention to these issues there is greater clarity for the
reader in terms of the basis on which research findings are being offered. That is the reader has greater access to the research process. Legitimation of the research findings in this study rest in part on the attention that has been paid to the research process.

Finally, in this section I wish to offer another comment from Richardson (1998) who suggests that the process of triangulation is not applicable to 'postmodernist mixed-genre texts'. Instead Richardson (1998) suggests:

'But in postmodernist mixed-genre texts, we do not triangulate; we crystallize. We recognize that there are far more than 'three sides' from which to approach the world.

'I propose that the central image for 'validity' for postmodernist texts is not the triangle – a rigid, fixed, two-dimensional object. Rather, the central image is the crystal, which combines symmetry and substance with an infinite variety of shapes, substances, transmutations, multi-dimensionailities, and angles of approach. Crystals grow, change, alter, but are not amorphous.

'Crystals are prisms that reflect externalities and refract within themselves creating different colors, patterns, arrays, casting off in different directions. What we see depends upon our angle of repose. Not triangulation, crystallization.'

This I think is an invigorating way of viewing the research process and, in particular, the sense-making part of the process. Acceptance of this view means that no longer are researchers preoccupied with discovering and portraying a singular 'truth'. As Richardson (1998:358) states:

'...crystallization provides us with a deepened, complex, thoroughly partial, understanding of the topic. Paradoxically, we know more and doubt what we know.'
This view of ethnographic research findings outlines the basis on which this study’s research findings are offered. The intent is to offer plausible research findings resulting from a reflexive research process.

The following section outlines some of the issues surrounding the presentation of the findings of this ethnographic study.

4.5 Presenting the findings - writing

If fieldwork represents one phase of an ethnographic study, data analysis another phase, presenting the findings can be viewed as yet another phase of an ethnographic study. There is no intention here to present these as discrete phases. Deciding on the best way to present the findings of a study is not always apparent at the outset. Because there are several strands to an ethnographic study which all inter-link and are, to large extent, iterative, writing up the study can prove challenging. Clearly, when presenting the findings attention needs to be paid to ensuring that the presentation adequately reflects the data that has been collected and highlights how the researcher can be sure and, crucially, how the reader can be sure about the outcomes being offered. The nature of ethnographic research means that the researcher collects data to which the reader does not have direct access. There is, therefore, always the potential problem that the reader is wholly reliant on the veracity of the data gathering and data analysis procedures and, of course, the researcher’s presentation of these.

Presenting an ethnographic study to a potential audience can be complex. Clearly all the notes, documents and transcripts cannot be included in the presentation of the study. Instead what is presented is a summary of the findings from the analysis of that data. Fielding (1993:156) states:

‘The concern to balance detailed documentation of events with insights into the meaning of those events is the enduring hallmark of ethnography.’

Fielding then argues that, whilst description is an intrinsic part of presenting ethnographic work of equal importance is the need to offer insight on the meaning of
what is described. For Fielding then description is not sufficient on its own. This is
the approach that has been adopted with this study. Consistent with a reflexive
research approach attention must also be paid to the role of the researcher in
developing the presentation of findings. The development of an ethnography can be
represented diagramatically (Figure 4.5):

**Figure 4.5 The development of an ethnography**

![Diagram](image)

Figure 4.5 attempts to capture what is a complex and iterative process. Following the
identification of a problem or culture requiring an ethnographic research approach the
researcher embarks on fieldwork activities. The purpose of these activities is to gather
data that will hopefully shed light on the proposed problem or culture. Once fieldwork
has begun the ethnographer becomes concerned with attempting to make sense of that
data. Once the researcher starts to make sense of the data s/he can begin to present an
account of his/her activities and findings. However, writing an ethnography is an
intrinsic part of the ethnographer’s attempts to make sense of the data gathered. Both
writing and sense-making may lead the researcher to gather additional data and
therefore engage in further fieldwork activities. Developing an ethnography is
challenging for any researcher. The researcher attempts to portray what is a complex
and iterative process in a linear format. The researcher must also attempt to present
evidence in a way that allows the reader to be able to make his/her own sense of the
ethnographic study remembering that the reader does not have direct access to the
gathered data. The reflexive nature of the research process must also be reflected in
the research process. Developing an ethnography requires much of the researcher. As
noted by Behar (1999: 482):
'Another central theme in contemporary ethnography is an increased (some might say obsessive) concern with writing practices and with voice: whose interpretation of social reality should be embodied in the written (or otherwise presented) text? Ethnographers have always been more concerned with writing and with reflexive analysis of vantage points than most other social scientists, but the concern with this issue has intensified recently. The diversity of backgrounds in those newly attracted to ethnography, and the expansion of ethnographic techniques globally, have contributed to this debate.'

The chapters that follow contain descriptions of events, conversations and decisions. These descriptions have been included because I believe they have something important to add towards understanding and developing a conceptualisation of financial literacy. I have taken a very specific focus when I have gathered, and made sense of, data in this study. Behar (1999:477) notes the uniqueness of ethnographic work and its presentation:

'The bottom line about ethnography is that it is about forming relationships; it is about the search for connection within and across borders. The text is a record of a particular set of interactions between a particular observer and her/his particular subjects. Those interactions can never be exactly reproduced again. Ethnography is re-invented with every journey. That is why any ethnography is by definition an 'experimental ethnography'.

Each and every ethnography is unique. Other researchers can never replicate it. Behar calls for greater attention to be paid to the presentation of ethnographic work. She describes ethnography as a "second-fiddle genre". She believes that for ethnography to have a future beyond 'the academy' (i.e. academia) the results of ethnographic work must be presented in a more creative way.

'With few exceptions, ethnographies are rarely memorable to anyone but those within the field being described. Why? Because in the end, they are works for the academy, and so they must explain rather than show, tell rather than
narrate, cite rather than imagine, justify rather than dream, and most tragically, turn vigorous flesh-and-blood people into ponderous slugs of theory.'

Behar is frustrated that, in trying to adhere to traditional expectations of research findings, ethnographers are presenting forgettable pieces of work that do not have a wider appeal. This is a very pessimistic reflection on ethnographic work. The actual process of writing an ethnography should not simply be characterised as the process of sharing a study with potential readers. Instead the actual process of writing helps in the sense-making process. As Richardson (1998: 345) notes:

‘Although we usually think about writing as a mode of ‘telling’ about the social world, writing is not just a mopping-up activity at the end of a research project. Writing is also a way of ‘knowing’ – a method of discovery and analysis. By writing in different ways, we discover new aspects of our topic and our relationship to it. Form and content are inseparable.’

I believe this is a very useful way of viewing the process of writing up research. I made an early attempt to write a report for the school governors who participated in this study. I found it a fruitless activity because I was not at a stage when I knew what I wanted to share with them. The very act of writing though helped in the process of sense-making. The act of writing allowed me to see which aspects made sense and where gaps lay. On a similar theme my supervisor, Professor Wilson, always encouraged me to try to map or draw my thoughts. This process again highlights the gaps in sense. As I wrote, and re-wrote, this thesis I was very aware that the process of writing was instrumental in my attempts to make sense.

4.6 Making sense of the data gathered for this study

The aim of this chapter was to outline how I attempted to make sense of my data. It is very difficult to try and articulate what is a very cerebral process. This did prove to be a more complex task than originally anticipated. It was also a challenging, involving, tiring, frustrating and, ultimately, a rewarding task.
The first phase of data gathering involved the literature review documented in Chapter 1. This is perhaps not conventionally viewed as a data gathering activity. The strategies involved in making sense of this body of data were, to a large degree, those outlined in the previous section. These activities allowed me to generate a tentative model of financial literacy. In line with the Siedel (1998) model it involved me thinking about, collecting and noticing things. As a result of this process I then conducted the pre-fieldwork interviews and collected data from other sources. In the first instance this second phase confirmed that the decision to examine schools and, in particular, school governors was an appropriate one. In addition, these data sources highlighted issues that were of importance to school governors and the reasoning behind this. They clearly allowed me to develop an understanding of the context in which school governors operate. This was, of course, complemented by my own experience as a school governor.

The third phase of the data collection phases involved my observing governors in situ. I came to these meetings pre-disposed to look for certain events and issues that had been flagged up by my previous experiences. I also encountered new issues and views as a result of attending these meetings. Whilst I had a body of notes, minutes and working papers from these meetings I also had lots of other thoughts as a result of my prior experiences. As noted in Chapter 3, the aim of these three phases was to develop the foreshadowed problem. The combination of all this experience ensured that good use could be made of the final stage of data gathering, namely the interview stage. The data from the first three phases then was used to inform the final stage. Using the strategies outlined in Sub-section 4.2.3, I collected, noticed and thought about the data gathered. The questions and issues that arose as a result of this process provided the focus for Phase 4. This is represented diagramatically in Figure 4.6:
Phases 1 to 3 were used to raise questions and Phase 4 was used to try and address these questions. Making sense of the interviews conducted in Phase 4 was done using the same sort of approach as was used for the other phases. Technical aids (as described below) were of more use in the final phase than in the earlier phases. Sense was made of the data in the first three phases in order to raise the questions addressed in the interviews. Once some sense had been made of the interviews the data collected in the first three phases was re-examined.

As noted in Chapter 3 there were 17 usable interviews as a result of Phase 4 of the study. All 15 tape recorded interviews were transcribed. Notes were made in the other two interviews and these were subsequently written up and word processed. For this reason the format of the data allowed it to be manipulated in ways that were not possible for the other forms of data. I printed out copies of the interviews and manually cut and pasted them into new formats. In addition, I made use of the software package *The Ethnograph V5.0* which speeded up the coding of the data enormously. It must of course be noted that this coding relies on the ability of the researcher to use the strategies previously outlined in order to be in a position to code the data. The codes do not magically appear when using such a package. The
researcher is still required to impose him/herself on the gathered data. Appendix K contains a list of codes generated by this process. I found 'The Ethnograph' very useful in speeding up the sense-making process. It was also very useful for referencing quotations in this thesis. The package automatically numbers the lines of the interviews. My expertise with the package grew as my experience grew. I would certainly use the package again.

4.7 Conclusion

It was noted in the Introduction that the act of writing this chapter was very difficult. In attempting to make sense of the data gathered for this study the intention was ultimately to be able to offer a conceptualisation of financial literacy. The processes I sought to describe are to a large degree elusive. This chapter is about the way in which sense was made of the data gathered in this study. The sense-making process was portrayed as a process relating to the entire study, rather than as a self-contained phase of the study.

In attempting to make sense of data gathered using an ethnographic approach the researcher seeks to link the data gathered to the written account of the study. This process was seen to be a complex one requiring attention to be paid to a number of inter-related issues. The first of these being sense-making. The work of Weick(1995) was examined in order to describe the nature of sense-making. This was characterised as a reflexive process, which should be taken literally. Sense-making in Weick’s (1995) terms is not about interpreting which implies that there is one version of truth waiting to be discovered, rather it is about making things sensible.

The aims of sense-making were then discussed. It was argued that mere descriptions of data are inadequate. Instead the researcher is once again portrayed as a reflexive participant in the research process. Data was not seen to be an accurate reflection of the world, rather it was seen to reflect one version, and for this reason consideration should be given as to why this version of events was portrayed over others and what the implications of such a portrayal are.
Section 4.2.3 offered strategies for making sense of the data. It offered some advice on what activities the researcher engages in, in order to try and make sense. Various techniques were suggested which required the researcher to engage in cerebral activities such as looking for patterns or abnormalities in the data, triangulating the data and looking at key events. It was suggested that relationships between these concepts should be explored and developed using theories for example.

The issue of representation was discussed in Section 4.3. This section discussed the way in which an ethnography represents the individuals involved in the study. It was argued in this section that researchers do not need to understand the mental life of the individuals they study. This, it was argued, is an impossible objective. Instead the researcher should seek to find 'plausible and intelligible accounts'.

The issue of legitimation was discussed in Section 4.4. Claims for authority were explored here. It was argued that traditional tenets of validity and reliability are not applicable to this kind of research approach. This is clearly problematic. In the absence of such criteria how can the researcher in the first instance, and readers of research in the second, assess the legitimacy of claims made as a result of research studies such as this? It was argued that what is presented in this study is findings which are based on a process of 'crystallisation' (Richardson (1998)). The findings that are presented in this study are done so recognising that there are other ways in which this could have been achieved. There is no attempt to convey these as the only 'truth'. Instead, it is argued that it is the process that gives this study its veracity. The attention that has been paid to the reflexive and iterative nature of the research is that which allows the reader to judge the usefulness of the study’s findings.

Section 4.5 was concerned with presenting the research findings - an issue found to be particularly important in a study of this kind. The ethnography that is presented is the only link the reader has to the data that was gathered. It is also the only evidence on which the reader can base his/her opinion of the study and its findings. And yet writing was also portrayed as intrinsically linked to making sense of the data. No wonder then that writing an ethnography is such a complex task. Finally, Section 4.7 articulates the way in which sense was made of the data gathered in this study using an iterative and reflexive approach utilising a variety of primarily cerebral strategies.
Chapter 5 which follows presents some of the results of the sense-making process outlined in this chapter focusing in particular on the role of school governors. It aims to examine one part of the proposed model of financial literacy offered in Chapter 1, that is the desired outcomes of school governors.
Chapter 5  Desired outcomes- an examination of the role of school governors

5.1  Introduction

Chapter 5 begins to explore the proposed model of financial literacy offered in Chapter 1. It looks at one part of the model- desired outcomes. In order to explore the desired outcomes of school governors this chapter examines the role of school governors. The assumption made here is that the desired outcomes of governors are determined by the role they perform. Whilst recognising that school governors fulfil a number of functions which could be perceived as different roles, I have chosen to adopt the singular description, that is role. Governors undertake a number of functions and perform a variety of tasks. Governors have a statutory obligations:

'Provisions for procedures and other aspects of governing the school which were previously included in instruments and articles are now largely common to all maintained schools and are set out in the School Standards and Framework Act 1998 and the School Government Regulations 1999.' (DfEE (2000a): Chapter 1, p.1)

The School Standards and Framework Act 1998 gave governors a specific responsibility for helping to raise standards. I believe that governors' actions arise as a result of one main desired outcome, namely helping\(^1\) to ensure that schools provide quality education for the pupils they serve. The ways in which a governor's role is interpreted and is undertaken varies from school to school and from governor to governor.

The reasons for choosing to study schools and school governors were outlined in Chapter 3 where the financial responsibility of school governors was noted. The discussion that preceded the development of the model of financial literacy proposed in Chapter 1 argued that financial literacy should be viewed as an integral part of a process. The purpose of this process, it is argued, is for individuals to achieve desired outcomes. Achieving desired outcomes inevitably involves decisions being taken. Some decisions will have financial consequences. The model proposes that it is

\(^1\) Governors can only help to ensure quality education since they do not teach themselves.
financial literacy that allows individuals to recognise and understand those financial consequences and, therefore, be in a position to make decisions with financial consequences in an informed way. It was also stressed in Chapter 1 that financial literacy should not be viewed in isolation from the process of which it is a part. It is argued that it is the functionality of financial literacy that gives it its importance. If individuals did not strive to achieve desired outcomes, and in so doing make decisions with financial consequences, financial literacy would not be important.

In order to examine the model it was, therefore, considered important to examine the role of school governors. This stemmed from the belief that an understanding of the role of governors would highlight the desired outcome of school governors. What did governors believe their role to be and what, therefore, were they aiming to achieve?

Firstly, then, the role of school governors is examined as it is described by those offering advice to governors (5.2.2). There is a number of sources of information available to school governors and some of these are examined. The chapter then looks at the role as described by governors themselves in interviews (5.2.3). The comments from governors that are included are taken from the preliminary interviews and also from the interviews conducted with governors at the two schools where the majority of the fieldwork was undertaken. The relevance of financial literacy to this role is examined in Section 5.3.

The penultimate section of the chapter (5.4) begins to explore another part of the proposed model, that of informed decision-making. The way in which decisions with financial consequences are made by the governing bodies of the two chosen schools is discussed.

5.2 Examining the role of school governors

5.2.1 Introduction

There is a variety of sources of information available to school governors. These sources include publications circulated by the government, local education authorities, academics, head teachers, teachers, bursars and, of course, governors themselves -
usually under the banner of an association such as the National Governors’ Council (NGC). There is also a number of websites posting useful resources for school governors including sites offered by the NGC, the Office for Standards in Education (OFSTED), National Association of Governor Management (NAGM) and The Times newspaper as part of its educational services. Many of these sources comment on the role of school governors.

The existence of these information sources is interesting for a number of reasons. By implication school governors must be considered important for so many resources to be dedicated to them. A second inference is that the role must be complex since there is much advice offered to school governors. Thirdly, there is a number of different parties who are interested in what school governors do and who are prepared to offer advice. Do each of these commentators have the same motivation behind their advice?

Some of these sources are examined in the next sub-section in order to try and answer the question ‘What is the role of school governors?’

5.2.2 The role of school governors

As noted above, the wealth of information published for school governors suggests that the role of school governors is important. This section aims to examine why this is the case. What do they do that is so important?

Derbyshire County Council publishes a two-sided document called Welcome that is sent to all newly-appointed school governors in Derbyshire. In the section entitled What Governors do... it states:

‘Governors, the head and the education authority are partners in managing a school. Together they set a framework in which the head and staff run the school on a daily basis’. (p.1)

It continues by outlining the particular responsibilities of the governing body, which it states as being:
The curriculum – especially literacy and numeracy initiatives and setting targets for attainment;
management of the school budget;
staff and salaries including the appointment of the head and staff and procedures for grievances, discipline and dismissal;
care and maintenance of premises – in particular health and safety matters and use of the school out-of-hours;
the school development plan;
preparing an action plan following a school inspection;
publishing a school prospectus including details of admission policies;
drawing up pupil behaviour guidelines plus home-school agreements and pupil exclusion procedures;
preparing an annual report to parents and arranging an annual parents' meeting.

There is a number of opportunities for governors from one school to meet governors from other schools. One such opportunity is presented when governors in one Local Education Authority (LEA) region form a local association of governors. These exist in a number of LEA regions. An example of such a body is Derbyshire Association of School Governors (DASG). Paul Mason who runs the association outlines the purpose of the group in the DCC (2000b) newsletter as:

‘Our collective task remains to ensure that Derbyshire children get the best possible education. Membership of the Derbyshire School Governors’ Association provides independence and autonomy from the Local Education Authority and a collective voice that is heard nationally and locally.’ (p.9)

Mason also states in an earlier newsletter in an article entitled What's in Store?:

‘Never have school governors had a more important role to play!’

(DCC (2000a) p.12)
Whilst Mason believes school governors have an important role it is also important to note that school governors have a long history. Sallis (1993) uses the example of Winchester College that was founded over six hundred years ago to dispel the idea that the concept of school governors is a new one. She documents that 'a group of independent trustees' was required to visit the college:

‘....with not more than six horses... to scrutinise the teaching and the progress in school of the scholars...and the quality of the food provided for the same...and correct or reform anything needing correction or reform’. (p.3)

As Sallis (1993) notes, these individuals were appointed at a time when schools were not available for all and yet even then a public watchdog was considered necessary. She explains this need as arising from recognition of the importance of education, a belief that was widely held at the time. Those who were educated would become professional adults whose impact would be significant on the community at large in later life. In addition to this she states:

‘Our ancestors also thought that experts – like teachers - benefited from the influence of ordinary people, to keep their feet on the ground and their thinking in touch with everyday life. While teaching itself was accepted as a highly skilled activity, the subjects taught and the ideas and beliefs put before children were considered to be a matter for society to debate and influence’. (p.4)

Sallis (1993) documents the history of school governors from the first education act in 1870 through to the 1986 Education Act that established school governors in their current form:

‘.....as a partnership of local education authority (LEA) ( and in voluntary schools the church or other interests which originally provided the school), parents, teachers and in county and controlled schools, co-opted representatives of the local community’. (p.4)
This brief historical account of school governors is interesting in many ways. The fact that school governors have such a long history suggests that their role is one that is highly regarded or, at the very least, one that is not thought expendable. Another key point raised is the link between education and public accountability. Teachers are recognised as professionals and yet, for hundreds of years, it has been accepted that external monitors of schools are needed in order to ensure that the public is being well served.

So what is it that school governors do that has ensured their survival and makes their role one so highly regarded? Sallis (1993) sees the function of school governors today as falling under two headings:

(i) Representing the public

'The governing body, working in partnership with the head and staff of the school, is the agency through which the school is accountable to the local authority....and to its community both for its use of public funds and its effectiveness. It is also there to ensure good relationships between the school and the community it serves'. (p.12)

(ii) Responsibility

'The governing body is responsible for how the school uses its money, for the character of its individual curriculum and organisation and the choice of its staff......It is also responsible for ensuring that the school gives parents the information they are entitled to by law, and for ensuring fairness to individual pupils and staff in certain kinds of dispute'. (p.12)

These roles, accountability and responsibility, arise as a result of at least two concerns:

- Schools are funded with public money and there is a concern that this money is spent 'wisely'.
Schools are inextricably linked to the communities which they serve. There are at least two communities which schools serve, an internal one and an external one. The internal community is made up of pupils, staff (teaching and non-teaching) and often a number of volunteers (including school governors). The external community can seen as encompassing the LEA, the government and society as a whole. Where parents lie in this particular dichotomy is open to debate. They are internal in the sense that they often make up the bulk of volunteers within schools and they can also, of course, be members of staff. In addition, parents are clearly inextricably linked to their children who are a key part of the internal community. However, parents can also be seen as external to the school community. One manifestation of this is a statutory requirement for governors to produce an Annual Report to Parents. Parents also form part of a wider society. Either way there is a concern that parents should be well served by the school and should have access to sufficient information.

Implicit in all these concerns is the belief that pupils are entitled to a good standard of education. The National Governors’ Council (1999) points to the statutory duties of school governing bodies:

‘The duties and responsibilities of governing bodies are laid down by law. Their main responsibility is to determine the aims and overall conduct of the school with a view to promoting high standards of education’. (p. (i))

Sallis (1993) raises two important caveats about the function of school governors. The first of these is that school governors should not aim to replicate the role of the teaching staff. She states:

‘It is not realistic, nor would it be right, for governors to imagine that they could replace a professional in making day-by-day decisions about teaching techniques or the management of time, space, equipment and staff within the school. This is not their role’. (p. 13)
The second caveat she raises challenges the assumption that governors are there to support the school, a claim Sallis (1993) states is made by many governors. Whilst governors may well support the school, they must also play other roles (‘monitoring, judging, mediating, warning’ p.13) but, as Sallis (1993) also points out, these other roles must be performed by the governing body, not individual governors:

‘Individual governors cannot, on their own authority, inspect, reward, arbitrate, discipline, suspend, dismiss, authorise spending or lay down policies. It is vital that governors understand this. It is also important that teachers understand it, because it takes the fear out of the relationship. If a governor comes into school, it is to learn, not to judge.’ (p.13)

Thus Sallis(1993) makes an important distinction between the role of staff and the role of governors. Sallis alludes to there being fear in the relationship between governors and staff. This is an important point. I found this was a concern raised by the governors to whom I spoke. In many cases there was a misunderstanding between the two whereby governors are seen as interfering outsiders by staff and staff are seen as being unhelpful towards governors. This occurred in spite of the fact that every school has staff representatives on the governing body and thus there were governors who were also staff and so ‘had a foot in both camps.’

At School B there was a long-running discussion at governor meetings where non-staff governors were asked to go into school more. From the teachers’ viewpoint the argument was that governors would understand the school better by spending more time in school. In addition, it was felt that non-governor staff would get to know the governors better and therefore be less suspicious of those governors. The governors to whom I spoke in interviews said that, whilst they accepted that the staff’s suggestion was a good one, many were working full-time and all governors already contributed a great deal of their free time to the school. They therefore felt that the staff did not understand the extent of the effort they already contributed. This was a tension that was unresolved when I ended my fieldwork.

The second caveat raised by Sallis(1993) is also an important one to note. Governors do not make decisions in isolation. They are members of a governing body and
decisions are made at governing body level and there is therefore a collective responsibility for decisions that are made. This is potentially a problem since this is a study concerned with the financial literacy of individuals and yet here decisions are made at a group level. This does not imply, however, that all decisions are made unanimously: instead, governors use their votes on decisions and the majority decides. In order to do this it is argued that, where the decisions have financial consequences, governors need to be financially literate on an individual basis. If the individuals are not financially literate they would find it hard to know which way to vote when it came to making decisions with financial consequences.

So what do other commentators have to say about the role of school governors? Barber et al. (1995) discuss the role of governors in a document published by the then Department for Education (The Department for Education became the Department for Education and Employment (DfEE) on 4 July 1995 and the Department for Education and Skills (dfes) on 11 June 2001). Barber et al. (1995) discuss the role of governing bodies in terms of raising standards and improving schools and outline three main roles for governors as members of governing bodies. These roles are:

(i) **To provide a strategic view** – This approach to governance recognises that ‘The governing body has important powers and duties but limited time and resources. So it should focus on where it can add most value—that is, in helping to decide the school’s strategy for improvement so that its pupils learn most effectively and achieve the highest standards’. (p.2)

(ii) **To act as critical friend** – ‘Critical in the sense of its responsibility for monitoring and evaluating the school’s effectiveness, asking challenging questions, and pressing for improvement. A friend because it exists to promote the interests of the school and its pupils’. (p.2)

(iii) **To ensure accountability** – ‘The governing body is responsible for ensuring good quality education in the school.....In its turn the governing body answers for its actions, above all to parents and the wider local community for the school’s overall performance’. (p.2)
From this viewpoint the function of school governing bodies is one linked inextricably to the achievement of high educational standards. The roles mentioned by Sallis (1993) of responsibility and accountability are still very much present. However, there is a much greater emphasis on the actual standard of education offered by schools. Not only are governors responsible for ensuring that the standard of education offered is good, but governors are also there to ensure that the standard is improving. Schools exist to educate pupils and governors are there to ensure schools do this well. Barber et al. (1995) note the limited time and resources of governors in fulfilling their extensive role. In response it is suggested that governors should operate at a strategic level to maximise what they can achieve with limited time.

As noted by the NGC (1999):

‘Schools have a special place in every community, and it is through their governing bodies that they establish links with their community and reflect that community’s interest in education. The governing body acts as the local agent of accountability for the quality and standards of teaching and learning in the school, and through the governing body the school is accountable to those who established it and who fund it, the parents and the wider community served by it.

‘...the role of the governing body is a questioning, strategic role and thus it needs to work in a questioning, strategic way.’ p. (i)

As a result of their duties governors, as members of the governing body, are seen to be responsible for pupils, staff, physical amenities and the culture and ethos of the school. They are also seen to be accountable to pupils, staff, parents, the LEA, OFSTED, to the Government and the wider community. This can be summarised diagrammatically as shown in Figure 5.1.
the view of the role of school governors outlined above is to some degree idealised. It presents a textbook view of school governance. As Creese (1995) states:

‘There appears to be no generally accepted model for the way in which a governing body should fulfil its functions in the 1990s. Individual governors often appear uncertain about their role; when asked to define it, they come up with a variety of ideas, among which the belief that the key role of the governing body is to advise and support the school is widely held. Whilst this is an important part of the work of the governing body it is by no means the whole story, and support should certainly not always be unquestioning or uncritical.’ P. 1-2

The following sub-section explores governors' own views of their role.

5.2.3 Governors' own views of their role

As part of the interview process governors were asked about what they saw as being the most important role of school governors. Governors mentioned some of the themes noted above. Some governors were very concise and general in their answers:

‘I mean the general thing would be to ensure the smooth and successful running of the school....erm.... I mean that’s it. I could list lots of other things below that.’ (Gov. 15, 1271:1275)
‘To provide an umbrella under which the school and teachers and kids can be a school bringing out the best in every child and member of staff.’ (Gov. 16, 220:223)

Other governors were more specific in their responses:

‘Erm...well two things I think handling the financial side, managing the budget so that the school doesn’t go bankrupt. That seems to me the main responsibility and the keeping a watchful eye on the running of the school in terms of academic results, discipline and benefits for the pupils. Stopping the school getting into trouble, then they don’t get the results so it’s about discipline or poor teaching. I suppose staffing on the one hand, finance on the other are the two big issues.’ (Gov. 7, 620:633)

‘I suppose to be responsible. To remove some of the pressures when we can from the teaching staff. To act as an interface between them and the government or LEAs or, at a higher level, parents’. (Gov. 6, 769:774)

The complexity of the role was noted by more than one governor. Governor 11 commented that, before you can have good teaching, there needs to be good books, good management and so on. ‘There are so many things involved’ she noted. She felt there was a need for governors to get into the classrooms and see for themselves what was going on.

Another governor stated:

‘That’s a very hard question and not one that I think I can answer simply. I think that the successful governing body creates a management structure for the school that enables the school to produce the results. Part of that is by successful control of the resources and part of it is by successful employment policy because we do employ the teachers, we appoint them particularly the head and also supporting them. I mean, times are hard for teachers. And anything we can do to bolster morale as opposed to depress it still further is
obviously good for the school. I don’t think there’s one answer.’ (Gov. 5, 204:220)

The strategic role was one that was recognised by a number of governors. Governors likened their role to that of non-executive directors on the board of a company. The theme of corporate governance was one that was mentioned more than once in response to the question:

‘The strategic view’. (Gov. 17, 1371)

‘I think it’s in a constructive way providing that... erm... support, control, assessment of what schools are doing. In the majority of cases it would be to support the school but I think again drawing a parallel with here... erm... that ultimately the non-executives and the governors should be there to be constructively critical.’ (Gov. 12, 732:741)

‘Well it’s almost like....uhm... it’s almost like corporate governance isn’t it? Ensuring the school is well-run and well-managed and that... erm... the management is supported in every way. Whether it be financial expertise, whatever, to enable them to get the best result. So it is broadly that it provides support, it provides direction and it enables decision-making.’ (Gov. 2, 644:653)

‘ I think it is monitoring the head as far as I am concerned.........Well let me just qualify that a little bit because.... Er... I think governance is about accountability and enterprise. Obviously the accountability bit is making sure the head’s on track but I think it’s also enterprise in its broadest loosest sense, in the sense that we should be looking to help take the school forward. The danger is if it is just about accountability then you are watching the guy in a narrow sense all the time, in a constraining sense, without really looking to take the school forward and I think governors’ role is really to ensure both of those.............There always ought to be room for improvement somewhere.’ (Gov. 8, 829:849)
'Erm... I think to make sure that things that the school is run fairly. Erm.... if it boiled down to one headmaster then he can pretty much do what he pleases and I think the governors' role is to make sure that the decisions are made for the right reasons and that they are fair and appropriate.' (Gov. 11, 639:647)

'The critical one which you don’t do very often but when you do it, it is critical is selecting the head. I would put that number one actually. And probably some of the senior appointments. Being there as a safety device for appeals is ... there has to be some mechanism for, whether it's staff, pupils, whatever, that has to be there. Funnily enough I think in my role, somebody who the head can talk to. So I think that relationship between the head and chair, perhaps head and a few key governors is an essential source of support, advice, encouragement, challenge, whatever it is. Then lastly, coming back to that phrase 'Good Governance' just checking that things are working alright.'

(Gov. 1, 403:421)

Many of the themes mentioned in Sub-section 5.2.2. were mentioned by individual governors. What is clear, however, is that individual governors emphasise different aspects of their role and accord different priorities to those aspects. Not every governor sees the strategic approach as primary. The idea of governors operating at a strategic level is one that is discussed again in Chapter 6.

Schools are there to provide education for pupils. The overriding feature of all these comments is that governors have been given a responsibility to help ensure that this is done well. The best way of fulfilling this responsibility is less clear. Different governors prioritise different means of facilitating the provision of quality education for pupils. This can be represented diagrammatically as shown in Figure 5.2.
The role of school governors then is to help ensure that the school provides the best possible education for the pupils of the school. In fulfilling this role governors undertake a range of different tasks. Each of the tasks shown in the unshaded boxes in Fig. 5.2 above can be further broken down but are intended to capture the main emphasis of the work undertaken by governors.

5.2.4 Changing the expectations placed on governors

Another important point to note is that the role of school governor is not a static one, instead it is a role that has evolved over time and is still evolving. Whilst the overall role of governors remains focussed on ensuring the school provides a quality education for its pupils, the tasks this involves vary over time. One example of this is the current emphasis on school improvement. When asked whether he thought his role as a governor has changed during the time he had been a governor, Governor 4 responded:
‘Yes it has. I am not sure what it was when I first joined it. There was the responsibility for finance and that was about it. I wouldn’t have said we have the same sort of shared responsibility for improvement for the school.’

(Gov. 4, 501:507)

As governmental priorities for schools change so does the role of governors change. Another recent example of this is the introduction of Performance Management for head teachers which was introduced during 2000. A small team of governors within each governing body is now responsible for setting and reviewing performance targets for the head teacher. Successful achievement of these targets is linked to increased payments for the head teacher. This clearly required some governors acquiring new skills and performing a new task. For the governors of the schools in which fieldwork was conducted in this study training was offered by the County Council. The governors responsible for performance management (usually three governors including the Chair) were encouraged to attend three sessions outlining the scheme and governors’ responsibilities. The initiative was introduced by the government as part of its vision for school improvement and thus is thought to contribute towards schools providing a quality education.

Having explored the role of school governors the following section explores the responsibility of governors for managing the financial resources of the school.

5.3 School governors and the school’s financial resources

5.3.1 Introduction

The emphasis in this chapter so far has been on the role of school governors. It is now important to establish the relevance of financial literacy to this role. As stated in Chapter 3, one of the main reasons for choosing to study school governors is the fact that school governors, as members of the governing body, are legally responsible and accountable for the finances of schools, despite being volunteers. In order to fulfil their responsibilities school governors make decisions that typically have financial consequences. This financial responsibility is now explored in greater detail.
5.3.2 Financial responsibility and school governors

As noted in Chapter 3, the two schools in which fieldwork was undertaken for this study are formerly grant maintained schools, now both foundation schools. As a result, both schools are currently funded under a system known as Fair Funding. To quote from *A Guide to the Law for School Governors* issued by the DfEE(2000a):

'Schools have been funded for some years under a system known as Local Management of Schools (LMS). With effect from April 1999, this changed to Fair Funding, which is based on the same principles of funding schools according to need and delegating financial decision-making to those best placed to take such decisions, but has a different legal structure and is intended to make the respective roles of LEAs and schools clearer. Fair funding is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1988.' (Chapter 9, p.1)

In its Trigger Pack aimed at new governors, the NGC(1999) outlines the way in which funding comes through to local authorities from the Treasury. With its available funds the local authority distributes these between education, other services and central costs as shown in Figure 5.3 below.

*Figure 5.3*

Local Authority Delegation of Funding to Schools
(Source: NGC Trigger Pack, (1999))

```
Local Authority

<table>
<thead>
<tr>
<th>Education</th>
<th>Other Services</th>
<th>Central Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-school funding (e.g. Adult education, Youth service)</td>
<td>Local Schools' Budget (LSB)</td>
<td>Individual Schools' Budget (ISB) (delegated to schools)</td>
</tr>
</tbody>
</table>
```
This is an annual cycle. Schools are notified of their annual budget according to the financial year (which runs from 1 April). In this way the school usually receives notification of the amount it has been allocated in its Individual Schools' Budget (ISB) during March or April. This clearly does not coincide with the school academic year which runs from September to August.

The NGC (1999) states:

'The ISB is distributed to schools on the basis of a local formula about which the LEA will have consulted governing bodies and head teachers. Most of the money thus delegated must be based on the number of pupils, and the remainder on other objective criteria (such as the size of the premises). The pupil-based element produces an Age Weighted Pupil Unit (AWPU).

'In addition to the delegated budget, schools also receive devolved monies from the Schools Standard Fund (SSF) which can only be used for specified items such as staff development and governor training.' p.12

Money is delegated to schools on the basis that those involved in a school are those best placed to manage it. The DfEE(2000a) state that 'the amounts delegated to schools are intended to cover all day-today running costs'. As part of their responsibilities school governors have a legal responsibility to manage the budget of the school although governors do not incur personal liability providing they act in good faith in exercising their powers (DfEE (2000a): Chapter 9, p. 3).

In this way then governors have a responsibility for the finances of the school. As stated by the NGC(1999):

'The governing body of every school with a delegated budget has powers to distribute its own budget within the limit of its allocation for the financial year. The final budget must be endorsed by the full governing body for submission to the LEA, but the details are usually handled by a finance
committee and the head teacher. Regular monitoring is essential to avoid overspending and to investigate apparent underspending.' p.11

In addition to balancing the budget head teachers and governors are now also required to be cost-effective and provide evidence of value for money. This is something that is recognised and promoted by OFSTED. The following description of OFSTED can be found on its website.

'The Office for Standards in Education (OFSTED), officially the Office of Her Majesty’s Chief Inspector of Schools in England was set up on 1 September 1992. It is a non-ministerial government department, independent from the Department for Education & Skills.

'OFSTED’s remit is to improve standards of achievement and quality of education through regular independent inspection, public reporting and informed independent advice. OFSTED’s principal task is the management of the system of school inspection defined originally by the Education (Schools) Act 1992. This provides for the regular inspection of all 24,000 schools in England which are wholly or mainly state-funded.'

In amongst the variety of publications published by OFSTED there are two aimed specifically at governors attempting to manage their schools' financial resources. These are 'Keeping Your Balance' (OFSTED (2000a)) and 'Getting the Best from your Budget' (OFSTED (2000b)). In the latter document it is stated:

'In making their decisions, governors need to ensure that they achieve value for money in their allocation of resources. This means considering the three elements of economy, efficiency and effectiveness. Value for money is about achieving the best possible outcomes for pupils in the most efficient way and at reasonable cost.' p. 2

Schools are regularly inspected by OFSTED as part of a planning cycle. Generally speaking these inspections take place every four years. The length of the inspection process and the timing of the inspections can now vary depending on the outcome of
the most recent inspection visit. When a school's inspection is complete a report is produced outlining the inspectors' findings. This report is a public document available to all. Copies of each school's report can be downloaded from the OFSTED Web Site. A comment is included in each school's inspection report on whether or not that school provides good value for money. School A was inspected whilst I was undertaking my fieldwork, with School B being inspected a little later during Autumn 2001. Anonymised extracts of the reports for School A and School B appear in Appendix F.

The change in emphasis in the way in which schools have been funded has been based on a private sector model, although this has not been straightforward, as Edwards et al. (2000:318) state:

'This reification of schools as private sector organisations is a central government imposition which has created structures around the schools which do not necessarily reflect the schools' perspectives of their own roles.'

The Education Reform Act (ERA) 1988 authorised Local Management of Schools (LMS) passing control of budgets from LEAs to school level. In so doing it was envisaged that schools would be in a position to improve educational standards by making better use of available resources. By exposing schools to market forces schools were expected to become more economic, efficient and effective through implementing techniques associated with the private sector. (Edwards et al. 2000).The aim of LMS according to the Audit Commission (1993:1) was:

'To establish a clear link between the school budget and the school's objectives usually outlined in the development plan.'

In one of my conversations with a head teacher, he commented that he had attended a meeting about Local Management of Schools (LMS) back in 1988. One governor who had attended the meeting put up his hand at the end of the evening and asked:

'Have I got this right. In the day I get paid to run my £1million business and then in the evening you want me to do the same thing for free?'
This is something that has not been missed by the governors themselves. A number of governors quoted earlier in this chapter saw their role as being similar to that of a non-executive director on the board of a company.

5.3.3 Financial literacy and school governors

The above discussions make clear that school governors have a responsibility for the finances of the school but it is equally clear that this is not their only function. The main focus of their efforts is aimed at helping the school to develop in order for the pupils within the school to develop to the best of their abilities and have the opportunity to receive a quality education. The objectives which school governors hope to achieve are generally non-financial ones, so why do governors need to be financially literate at all? The answer to this question is that the effective management of the financial resources of the school provide a means of achieving these non-financial ends. Resources are usually limited therefore governors need to utilise the financial resources available in the most effective way in order to try and achieve their non-financial objectives. In order to do this it is argued they need to make decisions with an awareness of financial consequences and therefore need to be financially literate.

How do governors make decisions with financial consequences and to what extent are they aware of the financial consequences of decisions? This is the focus of Section 5.4.

5.4 Procedures for making decisions with financial consequences

Governors are charged with the responsibility to manage the financial resources of the school in order to achieve their non-financial desired outcomes — that is ensuring a quality education provision for pupils. In order to make best use of the limited time available to governors a number of governing bodies adopt a sub-committee structure with each sub-committee having a particular focus of responsibility. This was the case at both of the schools in which fieldwork was undertaken and the operation of this management structure is now discussed.
5.4.1 Sub-committee structure

The DfEE (2000a) offer advice to governors concerning the way in which they choose to meet. Within this publication the following comments appear:

'The governing body must agree how often to meet, where meetings should take place and at what time of the day or evening. Decisions of this kind are mostly for the people involved, but some rules for meetings are laid down in the School Government Regulations........

'.....The School Government Regulations do not set out every detail of 'government. Subject to the Regulations, each governing body may regulate their own procedures and that of their committees.' (Chapter 4, p.1)

Operating within a sub-committee structure is a common way of working for school governors. The school determines the way in which the school sets up its sub-committees. One of the school governors in the pre-fieldwork interviews described the way in which he set up a sub-committee structure at the school in which he served as a Chair of Governors:

'You see, to digress for a minute, the way I arranged it was to have a sub-committee structure. I had three main committees and then an over-arching one. There was one on personnel, because a lot of your time is concerned with personnel and you are always worried.....are you working within effective personnel procedure? So there was one on personnel, there was one on curriculum and there was one on buildings.....And then there was an overarching one on finance.

'.....Now what I also did, but this is more on the management side I suppose, was I felt every major decision, especially if it was a legal requirement....that the major decision should be taken by the full governing body. Now, you
know, the sub-committees could make recommendations and so on but I didn’t let them make decisions.’ (Gov. MH, p.2)

The full governing body (comprising all the governors serving the school and the headteacher) meets on a regular basis, usually half-termly. Both of the schools in this study operate their own sub-committee structure. In addition to serving on the full governing body, governors often serve on one or more sub-committees. The sub-committees on which they serve usually reflect their own interests or areas of expertise and membership is voluntary.

In between the meetings of the full governing body there are regular sub-committee meetings. Each sub-committee has an area of specialism. At School A there were the following four sub-committees:

- **Finance Sub-committee** – Responsibility to the Governing Body for all financial matters
- **Facilities** – Includes responsibility for school site, property, building projects and maintenance programme.
- **Personnel** – Responsible to the Governing Body for all staff matters
- **Pupils and Curriculum** – Responsible to the Governing Body for all matters relating to the pupils and the curriculum

Each of the sub-committees at School A had some delegated powers laid out in their Terms of Reference. School B had one sub-committee with delegated powers this being the Finance Working Party. (This is henceforth referred to as the Finance Sub-committee for School B.) There were also two working parties with no delegated powers, namely a curriculum working party and a premises working party.

Both schools had chosen to adopt a sub-committee structure reflecting areas of specialism. The sub-committees meet in between the full governing body meetings and report back to the full governing body with details of their discussions or recommendations for actions. This is represented diagrammatically below in Figure 5.4.
Before I began attending meetings at the schools I was under the impression that I would learn most about financial literacy from attending the meetings of the schools' Finance Sub-committees and it was to these that my attention first turned.

5.4.2 Finance Sub-committee

Both schools have a Finance Sub-committee. However, the head teacher and a bursar manage the day-to-day finances at both schools. In order to manage the resources of the school the head teacher and bursar draft a budget, annually. The Finance Sub-committee considers the budget for approval and this sub-committee discusses any possible revisions. The finalised budget is then presented to the full governing body for its statutory approval. The head teachers attend both Finance Sub-committee meetings and full governing body meetings. At each school the head teacher and the bursar supply the Finance Sub-committee with regular reports about the current financial position of the school along with other information that has financial connotations. In this way the Finance Sub-committee monitors the progress of the budget over the year and also takes responsibility for issues considered to be of a financial nature. To quote from the terms of reference for the Finance Committee of School A:
The Finance committee is responsible to the governing body for all financial matters.

In this way the Finance Sub-committee is seen to be responsible for the financial matters of the school and, perhaps unsurprisingly, there is evidence that those who are not on the Finance Sub-committee do rely on the perceived expertise of the Finance Sub-committee when dealing with all financial matters. An example of this reliance includes the response of Governor 15 to the question: 'Do you think all governors are aware of their responsibility for the finances of the school?' He responded:

'I think most of us think that we leave that up to the finance committee actually.' (Gov. 15, 111:113)

By operating a sub-committee structure a group of individuals are asked, or volunteer, to specialise in finance whilst other governors specialise in other matters (although governors can serve on more than one sub-committee). The merits of this system were summarised by one of the governors who stated:

'...... I think there is a very mixed level of knowledge and understanding associated with the finances between the governors and to some extent I do not think that is a terribly bad thing because people have different strengths and weaknesses and what you need I believe is probably a balanced type portfolio of expertises and I think.... this school seems to be well-balanced. It seems to have a strong set of governors, a strong team and an excellent head master and an excellent reputation for delivering results.' (Gov. 2, 80:95)

5.4.3 Managing the school budget

Developing and managing the budget is the main focus of the Finance-Sub committee. The Finance Sub-committee monitors the budget throughout the year. In order to do this information is presented to the Finance Sub-committee by the head teacher or the bursar outlining the current position relative to the budget and also
outlining and explaining any variation from the budgeted income or expenditure. A significant amount of the Finance Sub-committee's time is dedicated to budget matters - especially in terms of monitoring the budget. Where there were serious variations from the budget these were noted and discussed by the Finance Sub-committee and an appropriate course of action was decided upon. Where necessary recommendations were made to the full governing body for its approval.

As noted above, during the early stages of this study I believed that it was through the Finance Sub-committee that I would learn the most about financial literacy. It soon became apparent that this was an inappropriate assumption. Taking decisions with financial consequences was not the sole responsibility of the Finance Sub-committee. Governors at both schools in which I undertook fieldwork were involved in taking decisions with financial consequences regardless of whether or not they were on the Finance Sub-committee. This was because decisions with financial consequences were made by the full-governing body. All governors were, therefore, involved in making decisions with financial consequences.

5.4.4 Governors not on the Finance Sub-committee

Governors who are not on the Finance Sub-committee do not get involved in managing the budget in the same way as those who are on the Finance Sub-committee. They do not get involved in monitoring the budget and do not have access to the same level of detail of the finances of the school. All governors are, however, involved when the budget is initially approved by the full governing body.

Despite not being involved with developing and monitoring the budget this does not mean that governors who are not on the Finance Sub-committee are not involved in making decisions with financial consequences. There were occasions when decisions were made by the full governing body that did have financial consequences.

One example of this was the issue of school meals. Ensuring a quality school meal provision for pupils causes difficulties for governing bodies. Governors aim to provide a quality service for a reasonable cost to the pupils and these two objectives
are difficult to reconcile. If the meals are too expensive or do not appeal to the pupils the pupils vote with their feet and do not buy them. Traditionally providing school meals has been a loss-making venture. In both schools considerable efforts had been devoted to trying to balance the catering budget. At School A vending machines had been introduced. The vending machines generated a substantial profit that was then channelled into the catering budget. The majority of governors were unhappy at the prospect of pupils eating the confectionery from the vending machines because of the health implications but they also felt they had very little choice but to continue with the machines. Without the income from the machines the school was in danger of not being able to provide a good quality meal at lunchtime and again there may be health implications for the pupils. There was a lengthy discussion centred on the future of the machines. The decision was one that was not taken lightly but it was one where the financial consequences of the decision to be taken were paramount. The governors' desired outcome (i.e. the health of the children) was a non-financial one but financial consequences affected the decision that was made. Following the discussion by the full governing body, the majority of the governors were in favour of maintaining the vending machines.

There were other examples similar to the one given above where all governors, not just those on the Finance Sub-committee, were required to have an understanding of the financial consequences of their decisions. Whilst the Finance Sub-committee certainly had responsibility and understanding (in terms of monitoring a budget) that other governors may not have had, the majority of governors were involved in making the decision with financial consequences.

This was initially problematic. If all governors were involved in making decisions with financial consequences did this mean that all governors needed to be financially literate? Did it mean that all governors needed the same level of understanding of the finances of the school? Any conceptualisation of financial literacy offered would need to respond to these questions.
This chapter has explored the role of school governors. This was considered necessary in order to begin to explore the model of financial literacy proposed in Chapter 1. The desired outcomes of school governors were explored through examining the role of school governors. The role was seen to be complex. Schools are there to provide a good standard of education for children. Governors have a responsibility to ensure this happens and for this reason they are accountable to parents, the wider community, the LEA and the government. The way they discharge this role is perhaps less well understood but the emphasis of governmental advice is on governors operating at a strategic level, not least because there is a recognition that governors’ time is limited. Operating strategically it is hoped will make best use of governors’ limited available time. Many governors likened their role to that of a non-executive director of a company.

Having established the role of school governors as one that revolves around pupil attainment and school improvement, the financial responsibility of governors was re-examined. In particular, the relevance of financial literacy to the role of school governors was examined. Section 5.4 explored the structures in place through which school governors manage the financial resources of the school. The operation of a sub-committee structure was outlined. It was emphasised, however, that decisions with financial consequences were not always made by the Finance Sub-committee. This was considered an important point to note. A prior assumption had been challenged, namely that the Finance Sub-committee would have the most to offer in terms of exploring and conceptualising financial literacy. Instead there were situations where governors who were not members of the Finance Sub-committee exhibited an understanding of the financial consequences of their decisions and therefore showed evidence of financial literacy. It was stated that any conceptualisation offered of financial literacy would need to take this into account.

Chapter 6 explores the decision-making aspects of the proposed model of financial literacy in greater detail. It begins to explore the idea of decisions having financial consequences. The funding of schools is examined with an emphasis on financial resources being viewed as limited.
Chapter 6  Informed decisions - Decisions with financial consequences and limited financial resources

6.1 Introduction

In the model proposed in Chapter 1 it was suggested that financial literacy was important because it helped facilitate individuals to make informed decisions where those decisions had financial consequences. The purpose of this chapter is to explore the ‘making informed decisions’ part of the model in more detail. The way this chapter developed meant that the actual focus deviated significantly from what was originally envisaged. In the early planning stages it was expected that this chapter would explore how governors were in a position to make informed decisions where those decisions have financial consequences. The emphasis on informed decision-making was deliberate. This thesis is not concerned with ‘good’ or ‘bad’ decisions. Instead it is concerned with conceptualising financial literacy. The model proposed in Chapter 1 is concerned with individuals being in a position whereby they can make decisions with financial consequences. In order to do this it is argued they need to be in a position where they are equipped to do this. I have chosen to use the word informed to describe this position.

In attempting to explore how governors are in a position to make informed decisions it became apparent that this was not appropriate at this stage. Again what seemed like an appropriate assumption at the outset had proved to be too ambitious. How could I describe how governors came to be in a position to be informed when I was not in a position to describe what being informed meant? The plan was revised and this chapter instead examines in detail some of the assumptions underlying the model of financial literacy proposed in Chapter 1.

Chapter 5 outlined the processes by which decisions with financial consequences come to be made by school governors. The first of these is through the Finance Sub-committee. The focus of this sub-committee’s role revolves around the budget of the school. This involves setting the budget, monitoring the budget and, when necessary, suggesting amendments to the budget. As a result of this responsibility Finance Sub-
committee members have access to detailed financial information concerning the annual budget of the school which other governors rarely see. The other mechanism by which decisions with financial consequences come to be made is through the full governing body. As a result of these two processes there are two different kinds of decision with financial consequences that are being taken, namely:

1. Decisions with financial consequences made at governing body level which have been subject to the Finance Sub-committee’s prior examination/recommendation

The role of the Finance Sub-committee was explored in Chapter 5. Much of the monitoring and managing of the budget of the school is performed by the Finance Sub-committee, aided by the head teacher and bursar. When there are significant variations to the approved budget during the academic year these are brought to the attention of the Finance Sub-committee in the first instance by the head teacher and bursar. The Finance Sub-committee, again in conjunction with the head teacher and bursar, discuss these variances from budget and decide on an appropriate course of action. As a result of this discussion recommendations are put forward to the full governing body for its approval.

The main reason for this kind of decision then arises as a result of changes in expected income or expenditure. The budget is developed by the head and the bursar and then approved by the full governing body on the basis of expected income and expenditure. As the academic year progresses there are frequently variations between the actual income and expenditure patterns and those budgeted. Working in conjunction with the head teacher and bursar governors may wish to respond to these variances - especially where they are large variations.

One significant example of a variation between budgeted and actual income occurred at School A. During the previous academic year the school had a severe situation whereby the school lost expected revenue in the region of £100,000. This was due to changes in the way schools were re-imbursted for their Educational Care Officer (ECO) costs by the LEA. This had a catastrophic effect on the
school's budget for the year that was already considered by the head teacher and governors to be very finely balanced. The loss of such a significant amount of expected income had serious implications for the school's planned activities. The response of the governors to this loss of income was developed through the Finance Sub-committee and was then subject to full governing body approval.

2. Decisions with financial consequences made at governing body level which are not considered the remit of the Finance Sub-committee.

An example of this is the one already outlined in Chapter 5 where the governors at School A made the decision to maintain confectionery vending machines in the school. The decision was based on financial grounds but was not considered to be a subject for the special attention of the Finance Sub-committee.

Governors at full governing body level generally receive very little detailed financial information and yet I felt that these governors too were able to recognise that the decisions they were making had financial consequences. In this way they could be considered financially literate according to the working definition offered in Chapter 1 where financial literacy was defined as:

'An individual’s ability to obtain, understand and evaluate the relevant information necessary to make decisions with an awareness of the likely financial consequences'.

My observations at the governors' meetings left me with the impression that many governors displayed an ability to recognise that the decisions they made had financial consequences. This was an unexpected finding. My expectation was that some governors would recognise the financial consequences of their decisions and therefore would be considered financially literate and other governors would not be able to recognise the financial consequences of their decision-making. Yet here were the majority of governors who appeared to be able to recognise the financial consequences of the decisions being made. This had serious implications for the proposed definition of financial literacy offered in Chapter 1. If the majority of
governors could recognise the financial consequences of decisions and yet governors and head teachers also generally agreed that some governors were more financially literate than others were, then the proposed definition did not seem adequate. My attempt to resolve this dilemma began with a more detailed exploration of the idea of decisions having financial consequences. Before I could explore how governors came to recognise that decisions have financial consequences it seemed important to establish clearly why it is that decisions have financial consequences in the first place. The early part of the Chapter 6 then looks in greater detail at the idea of decisions having financial consequences (see 6.2). It is argued here that the importance of these consequences arise primarily because resources are limited.

Having argued that financial consequences arise as a result of limited resources the issue of limited resources in schools is examined in Section 6.3. Inequalities in funding are noted and the implications of this are explored. Section 6.4 examines the way in which governors attempt to manage the financial resources of schools. In Sub-section 6.4.3 the link between strategy and the budget is examined.

6.2 Decisions with financial consequences

6.2.1 Introduction

At the outset of the study it was suggested that financial literacy is linked to people's ability to recognise the financial consequences of their actions. There was evidence offered in Chapter 5 that governors were able to recognise the financial consequences of their decisions and the resulting actions. This was to some extent an unexpected finding. When I embarked on my fieldwork I was under the impression that I would find some governors who were financially literate and others who were not financially literate.

Instead what I found when I went into the field was that the majority of governors recognised the financial consequences of the decisions they made and were, therefore, financially literate according to the working definition offered in Chapter 1. There was a need to look in greater detail at what it meant to be able to recognise that decisions have financial consequences. This then is the focus of the next Sub-section.
6.2.2 Limited resources and financial consequences

Governors' ability to recognise the financial consequences of their decisions has already been noted. How was it that they were in a position to note these consequences? The starting point seemed to be to articulate why it is that decisions have financial consequences in the first place.

After lengthy deliberation I came to believe that it was vital to recognise that implicit in understanding why decisions have financial consequences is the understanding that resources are limited. If resources were not limited there would be no financial consequences, or rather the financial consequences would not be important. This was made apparent repeatedly as governors made decisions as a result of the financial consequences of the decision rather than on the basis of the solution being perceived by governors as the most desirable alternative. Recognition of limited resources drove the decisions that governors made. Governors attempted to gain the best value from the limited financial resources available to them. In order to do this they needed an awareness of the financial consequences of all the alternatives open to them.

This is exemplified by reference to the decision noted in Chapter 5 where it was argued that the majority of governors did not want to have vending machines in School A because of the health implications for the children. In spite of this they made a decision to continue with the machines because they believed that the financial consequences of any other decision would be unacceptable. If the money raised from the vending machines was forgone this was also seen as detrimental to the children’s health as a result of the financial impact on the school meals service offered to pupils. If resources were not limited this decision would not have been made. If governors had sufficient resources available to be able to provide quality meals without a subsidy from the vending machines they would have been unlikely to continue with the machines since all governors agreed that the machines were not something which they desired in school.
The seminal work of Herbert Simon (1976) on decision-making processes in administrative organisations is, of course, relevant here. Simon (1976:5) notes that within organisations there is a hierarchy of decisions:

‘...each step downward in the hierarchy consisting in an implementation of the goals set forth in the step immediately above. Behavior is purposive in so far as it is guided by general goals or objectives; it is rational in so far as it selects alternatives which are conducive to the achievement of the previously selected goals.’

There is no inference here by Simon that these goals are perfectly organised or integrated. The governors at School A made a decision on the basis that the decision was rational when fitted into their hierarchy of goals — that is governors chose to maintain the vending machines in order to achieve their ultimate aim of providing a quality education for the pupils of the school. Simon (1976:6) also notes that all decision-making is a matter of compromise:

‘The alternative that is finally selected never permits a complete or perfect achievement of objectives, but is merely the best solution available under the circumstances.’

This point too is demonstrated in the example outlined above. Ideally governors may have preferred not to have the vending machines at all. The machines were maintained, given limited financial resources, in order to achieve an overall objective. The idea of limited resources is clearly not a new one. However, it is something that is rarely made explicit in the context of financial literacy. In order to recognise that decisions have financial consequences there also needs to be the recognition that resources are limited. The decision to maintain vending machines was made because governors recognised that resources are limited, not because governors wanted the machines in school. In addition this decision can only be fully understood if consideration is given to the reasons underlying the decision. This decision could be represented diagrammatically as shown in Figure 6.1:
Beginning on the right hand side of the diagram, the overall objective of a school governor is to ensure quality education provision for the school’s pupils. Governors at School A shared the belief that providing quality meals for pupils contributed towards achieving this objective for two reasons: Firstly, governors believe that healthy children learn more effectively than do unhealthy children. Secondly, governors also believe that providing pupils with quality meals contributes towards pupils’ developmental education (i.e. pupils learn about food and the importance of a healthy diet).

In order to provide a quality meal service governors believed there were insufficient financial resources available. The governors therefore agreed that, in order to provide sufficient financial resources to maintain the quality meals service, it was necessary to continue with vending machines in school. If governors did not have a shared view regarding objectives and a shared understanding that resources are limited they may not have made this decision.

In this way then, by recognising that decisions have financial consequences, there is also recognition that resources are limited. Section 6.3 which follows explores the limited funding of schools.
6.3 Limited Funding

6.3.1 Governors’ views of school funding

I believe that anyone who has spent any length of time with school governors or head teachers is likely to come away with the belief that schools are under-funded. There was not a single meeting I attended or a single interview I conducted where the issue of lack of funds was not raised. Evidence of this is offered as the chapter progresses. In addition to this there is a belief held by governors at both schools in which fieldwork was undertaken that the ways in which funds are distributed to schools are unfair with some schools receiving far more funding per pupil than other schools. The head teachers and governors at both the schools considered that they were particularly disadvantaged in the funding they received compared to other schools.

A typical example of governors’ feelings on this matter follows. In response to the question ‘What do you think about the way that schools are currently funded?’ One governor responded:

‘It’s seem..... er...... there are winners and losers and.... erm... and I’m not sure but potentially there are certain politics involved I guess in the way the funding actually flows through and..... erm.... there do seem to be inconsistencies... er.... in that some schools seem to attain a higher revenue per head of pupil than others. That’s from where I’m sitting at (School A). That does seem somewhat unjust as we tend to be lower in the table and that I think is where the frustration comes in that... erm... how do you influence that? How do you change that? So yeah basically... it’s... er... you are dealing with the education authority and the government and that’s very difficult to change, influence in a short period of time.’ (Gov. 2, 126:145)

In the first instance the schools in the study are located within one of the poorest funded LEA’s and therefore receive money from the LEA ‘pot’ that is far smaller than for other LEAs. This disadvantage is then seen as being compounded by the inequitable way in which the funds are distributed to individual schools with schools varying greatly in the amount they receive per pupil. This is based on a very complex
formula that includes various different weightings. Schools are given additional
funding per pupil based on this formula for factors such as number of pupils claiming
free school meals (which is taken as a proxy to measure social deprivation) and the
number of pupils with special needs. This formula is controversial. Governors I spoke
to complained that the actual formula was very complex and that the fine details were
not made public. Some governors believe that this lack of clarity and complexity is
the LEA’s way of ensuring favoured schools receive more funding per pupil than less-
favoured schools. Governors at both schools in this study consider their schools to be
disadvantaged by the formula. When asked about this a governor with eight years’
experience commented:

‘Oh (the LEA) are hugely badly treated by central government finance but
they compound that by an even worse situation in allocating funds and it is
almost completely opaque. They have a formula, which contains some 28
factors with weightings that can be varied significantly, and I have enough
business experience to know that if you want a result you have a complicated
formula that has a number of weightings. And there isn’t any question that
over the number of years I have been a governor the disparity between the
funding per pupil of the highest funded average 10%, not just one of the
highest but the average 10%, and the lowest funded 10% has doubled.’

(Gov. 3, 134:151)

Another governor’s response to the question ‘What do you feel about the way schools
are currently funded?’ was:

‘Awful. I mean, as you are aware, we just cannot understand the process that
gives us what, it must be something like £1900 less per pupil than other
people. We cannot understand it at all. And that doesn’t mean to say that we
want to become top of the list, we want to come some way up it. We accept
like everyone else that there has to be a variation in funding for schools. But
the way it is calculated at the moment, it just cannot be fair based on the result
of it. The result can’t be that we sit at the bottom end of that distribution.’

(Gov. 4, 221:236)
These feelings were typical of the responses from governors at these two schools. Governors felt very strongly that they were disadvantaged by the funding system and shared a belief that resources at their schools were limited.

6.3.2 Inequality in funding between schools

Inequality in the funding of schools is an issue that features regularly in debates about the funding of education. One such comment was made by Mike Tomlinson (2001), Chief Inspector of Schools, who stated in his Annual Report:

'About one in five primary schools, and nearly a quarter of the secondary schools, are judged to have insufficient learning resources. Shortages of resources are at times the result of poor financial planning and decision-making. However, they may also reflect the low levels of pupil funding; the discrepancy in the amounts available both across LEAs and between primary and secondary sector remains a cause for concern.' p.3

In December 2001 a posting was made to the NGC's e-mail list stating that the Worcestershire Association of Governors was planning to take the Government to court over the iniquities in its SSA distribution. Funding had been secured to proceed to the first stage but considerably more finance would be required to continue with the action. Governing bodies in the area were being approached in the hope of acquiring additional sources of funds. Excerpts from the accompanying letter from the Chairman of Worcestershire Association of Governors are given below:

'There is considerable ongoing concern about the low funding of Worcestershire's schools through the SSA. Estelle Morris (then Secretary of State for Education and Skills) acknowledged that the present calculation is unfair and promised a revised formula within two years, but we are now told that this will not happen until at least 2003/4 and possibly beyond. At present Worcestershire's primary schools get £242 per student less than national average and secondary schools £302. There is an urgent need for transitional funding. This year Worcestershire received transitional funding of £1.35
million, but Paul Wright, dfes, said 'there are no plans to continue it in 2002/03’.

‘Your support will be greatly appreciated in this attempt to highlight the iniquity of the present funding arrangements and the way in which... pupils are being disadvantaged. Your support is vital.’

These governors clearly feel sufficiently strongly about the inequality of funding between schools that they are taking unprecedented steps to try and change the situation. The inequalities in funding noted by these governors are understandably also a source of concern for head teachers. On 28 December, 2001 the National Association of Head Teachers (NAHT) published a survey and analysis of Local Education Authority Budgets Statements for 2001/2002 on its website. The title of the article was ‘ Local Authority Funding Disparities Remain a Disgrace says NAHT’. They include tables (included in Appendix L) in the article that clearly shows the disparities that exist across LEAs. All three of the county council - based LEAs with the lowest funded primary schools (Derbyshire, Staffordshire and Nottinghamshire) and one of the three LEAs with the lowest funded secondary schools (Gloucestershire, Buckinghamshire and Staffordshire) are part of a group of 40 LEAs that are lobbying for a fairer funding deal. By way of a comparison the primary school where I am a governor is located in Derbyshire and is therefore one of the lowest-funded county schools. Derbyshire primary schools receive on average £313 per pupil less than the highest funded county schools in Norfolk. There are 400 pupils at the school where I serve as a governor, resulting in a deficit of £125,200 per annum when compared to a school of the same size in Norfolk. This is clearly a significant variation between schools.

It is noted in the article that the LEAs ‘get a very ‘raw deal’’ from the Government’s Education Standard Spending Assessments. David Hart, General Secretary of NAHT, made the following comments in an article entitled ‘Funding Disparities between Local Authorities’ placed on the NAHT website (accessed 11/09/00):

‘The NAHT wants funding to be levelled up, so that those LEAs and schools that are ‘short-changed’ by the current system are given a ‘fair deal’.
‘A new funding system is due to be introduced in April 2003. It will fail unless it creates a much more ‘level playing field’. We know it will cost a lot of money to level up, but the government promised to do just this when it announced that a new funding system would operate. Teachers, parents and governors, that (sic) are part of those schools ‘failed’ by the present system, will be looking to the Chancellor to deliver when he announces the results of his Comprehensive Spending Review in July 2002.’

On 20 November 2002 I e-mailed one of the governors from Worcestershire Association of Governors who confirmed that, to date, no legal action against the government has been pursued. In July 2002 the Chancellor, Gordon Brown, announced his spending review. The BBC news website for 15 July 2002 highlighted the following outcomes for education:

- Cash to modernise schools to increase by £2.25bn a year by 2006
- All secondary schools to receive £50,000 a year extra
- Extra annual payments of £125,000 for 1,400 secondary schools, tied to new performance targets
- Typical primary school will receive £10,000 a year more, boosting their annual direct payment to £50,000
- In total, spending per pupil will rise from £3,500 a year to £4,900 a year by 2005/6, an increase of 50% on 1997 levels

What the impact of these reforms will be remains to be seen. The way in which resources will be distributed to schools in the future is still unclear. An Education Funding Strategy Group has been formed. Membership of the group has been drawn from central and local government, both teaching and non-teaching staff, schools and governors’ organisations, and the churches. According to the group’s Terms of Reference (available on the dfes website) the overall aim of the group is to:

‘..oversee the production of a fully worked up proposal for a new funding system that will contribute to raising educational standards, and a timetable for
its implementation. It will report in parallel to the Secretary of State for Education and Employment and the Revenue Grant Distribution Review Group."

A consultation period was launched on 8 July 2002 and ended on 30 September 2002. The results of this process are to date unavailable.

Here it is sufficient to say that funding for schools is currently seen as being inequitable by the governors and head teachers in this study. In addition to this the same governors feel they have very little control over the ways in which funds are allocated to schools. The picture may well have been a very different one if I had chosen to undertake my fieldwork in schools that received the highest funding per pupil. The perceived inflexibility of funding is explored in Sub-section 6.3.3

6.3.3 Inflexibility of school funding

Lack of funding for the schools in which fieldwork was conducted was a topic that cropped up consistently in all my experiences with governors from my preliminary interviews through to my attendance at meetings and inevitably through to the one-to-one interviews. Not only do governors feel funding is inequitable but they also feel that they have very little control or influence over the funds they receive. During the one-to-one interviews governors were asked the question: ‘What do you find the most frustrating thing about being a school governor?’ Six governors responded to the question by stating that they found the lack of financial resources and their inability to affect this as being the biggest source of frustration. One of these six who had been a governor for a year responded:

‘... it’s lack of flexibility to significantly change things I suppose... er... and that’s because we are restricted in funding i.e. cash is always short and there are limited ways of improving it in the current environment and that restricts your flexibility for doing anything. So that’s frustrating and it’s very frustrating when you hear, well when you have a conflict of schemes that require funding and you can only do one of them. I think that’s the most
frustrating thing, you can’t actually raise the finance and improve it. It’s almost like if you are short of staff how many can you afford to take on? Rather than let’s take on x and lets find a way of increasing the cashflow because you are very much constrained in education. I think that’s the most frustrating thing.’ (Gov. 2 97:120)

This governor found governors’ inability to significantly increase the funds available to their schools very frustrating. This again was a theme that was mentioned on numerous occasions. As noted in Chapter 5, the income a school receives is determined by the LEA as a result of the funding the LEA receives from central government. Governors therefore have very little control over the funds they receive from this source.

Another governor with eight years’ experience had similar feelings:

‘I suppose the sheer powerlessness of doing anything much about revenue….. The frustration that I have had is not seeing the way through to raise more cash either by influencing ( the LEA) or by fund raising.’ (Gov. 1, 496:507)

These responses will not surprise the head teachers and governors who are familiar with this environment. Governors operate knowing that resources are limited. As argued in Sub-section 6.2.2, recognising that resources are limited is a crucial part of recognising that decisions have financial consequences.

6.3.4. The effect of limited funds on the way a school operates

When governors referred to the lack of funds for schools it seemed appropriate to ask them what they felt were the main implications of lack of funds for schools. Governors were very vocal on this issue. Governor 4 stated:

Gov. 4. The main effects at the moment is that it puts a lot of pressure on the teachers, because we have had to, we have done a reasonable job, I think, of balancing expenditure against number of teachers we can afford to
have, but at the end of it we have had to cut down to a number that we are not happy with.

Carolynne  You would like more teachers?

Gov. 4.  Yes. But the big worry that we do have is the pressure that every member of staff is now feeling. And class size. The only way we got through the last three years was to actually increase the class sizing. It’s a very cynical view but that was the only way to bring extra funding in.  (Gov. 4, 292:313)

In order to cope with a lack of financial resources, governors at School B took the decision to reduce staff, increase class sizes and try to take in more pupils. This has ultimately had implications for the remaining staff who are effectively required to work harder since the number of staff employed has fallen as the number of pupils in school has increased. This may well have long-term effects on the quality of the education provided but was considered the only course of action available to governors at the time. Other governors concurred with this governor’s concerns for staff. Another example of this is a comment made by Governor 11 who outlines School A’s reliance on the goodwill of staff:

‘Fortunately I think we have survived despite the fact that we have been under-funded and I think a great deal of that is down to the dedication of the staff. Erm... the staff here work very hard, work very long hours and put in an awful lot of extra time to make up for sometimes lack of facilities. If you can’t get all your children around the computer in the lesson and pupils are prepared to come back at lunchtime then the member of staff will come back at lunchtime and work with them. Erm... and they are prepared to do things like that and I think that we have survived despite the under-funding but I don’t think that is necessarily right.’ (Gov. 11, 344:361)

There are other implications and manifestations that are perceived to arise from a lack of funds. Governor 10 noted the effect on the school buildings:
‘I think the fabric of the building is pretty poor. Erm... there are parts of (School A), you know it’s a bit like your own house really you know the room you have just decorated is the room you like to show everybody and the room that needs decorating you’re glad nobody saw and there are parts of (School A) I could take you to now that you would be totally shocked by. Yeah really, really shocked by and I taught last week in a classroom with a class of 30 children with no power. There’s no power out to it - no lighting, no heat. It was freezing and I mean it’s been mended now but the point is that building’s had it. It’s just completely and utterly past its life really. We’re not hiding that but you know it is just that human nature side that you don’t have your parents’ evening in that building and sometimes we’ve said we should you should show parents but then there is a desperate need for money on buildings and that sort of thing.’

(Gov. 10, 566:592)

The buildings then have been neglected at School A as a result of lack of funds. In order to ensure that other priorities are met through the limited funds available, governors have sacrificed spending in other areas such as maintenance. Governor 14 noted that there were other areas that were suffering as a result of a lack of funding. In response to the question ‘What effect if any do you think having limited funds has had on the way the school operates?’ he stated:

‘It’s decimated it. Erm... the fabric of the school is in very poor condition. ..... This school in my opinion is below the standards of what I would consider to be acceptable in terms of IT equipment and infrastructure and infrastructure means people, the people who keep the infrastructure going. As you know we have just allowed them to go and hire a technician but to do that we’ve had to semi-break the bank... erm... and I think that is ridiculous. Erm... we have teaching staff that... erm... we’d maybe like to expand but we can’t because we don’t have the money. The music facilities here are absolutely bloody appalling and I make no apology for the language on this one. The facilities for music are abysmal here and, you know, yet we have gifted children here who have gone onto second rounds of young musician of the year so, despite all that, we’re successful. So you’ve got IT, you’ve got infra-structure, you’ve got IT, you’ve got music. Our sports facilities are abysmal... we do not... we
Governors then can be seen to have concerns about the effect of a lack of funds on various aspects of school life. One governor, however, questioned the effect of poor funding on the quality of education that the pupils receive at the school that, of course, is the main concern of school governors. This is explored in the following Sub-section.

6.3.5 Lack of funding and quality of education

The governors quoted above in Sub-section 6.3.4 recognise that the financial resources for schools are limited and they outlined a variety of negative consequences that they believed followed on from this situation. One governor, however, expressed a different viewpoint on the effects of limited financial resources for schools as shown in the conversation outlined below:

Carolynne  What do you think about the way schools are currently funded?
Gov. 12     That's a very open question isn't it?
Carolynne  Yes!
Gov. 12     What am I supposed to say? - that there aren't enough resources going in to school?
Carolynne  Whatever you think.
Gov. 12     Erm. (Pause.) I think the question of the funding of schools and education is very like the funding of the NHS: there is no right level of funding and, even if the level of funding was increased dramatically, it still wouldn't be sufficient because the demands on it would become... would be different. So that said there's
no... you have to take a slightly sceptical view in terms of just saying 'if only'. The reality is the world will never... anybody who works in the public services has to understand that resources will never be sufficient to match demand. People's expectations increase significantly. Erm... I think if you relate it to a school like (School A) I think my judgement would be that relatively (School A) is reasonably well funded. I'm not saying there aren't problems with it and I think the obvious one is the nature of the building. Within a cramped site. If you could start again, move to other sites, you'd have something different. But in terms of ... er... I mean one of the acid tests is do the children get a good education? I think the answer is yes they do. Lots of ways in which it can be improved, partly by being able to invest more resources of course. You have a lot more choice, you have smaller class sizes. Erm... those sorts of areas of course that's got to help. And if the school had a better fabric, I don't know what the ideal would be, to have all its playing fields on one site, nice new buildings, a nice sixth form area, I mean you name it of course that would make a difference, but the acid test is do the children get a good education? And the answer is yes they do. (Gov. 12, 157:215)

Whilst this governor believed that resources for School A were limited, his perception of this was different to that of many of the other governors. In his view, whilst he accepted that resources were limited, he felt that resources would always be insufficient since, as the resources increase, so do the expectations placed on those resources. He also felt that, in spite of a lack of resources, the pupils of the school received a good education and that this was the acid test of the school's (and governors') performance.

There is certainly other evidence to support his view that the pupils at the two schools in which fieldwork was undertaken do receive a quality education from these schools. Both schools are oversubscribed and parents go to great lengths to get their children into the schools. In this way they can be seen to be very popular schools. Another
measure of the education the schools provide can be gained from the OFSTED report for both schools as part of its regular inspection cycle. As noted in Chapter 5, School A was inspected by OFSTED whilst I undertook my fieldwork. An anonymised selection of each school’s OFSTED report appears in Appendix F. In the summary of the report the inspectors make a comment under the heading ‘How good the school is’. The comment for School A was:

‘(School A) is providing a very good education for its pupils. The very strong leadership, good management and high quality teaching create a climate in which pupils are valued as individuals and challenged to achieve to the best of their ability. The school provides very good value for money.’ (p.6)

School B had its last full inspection in 1996. A short inspection was carried out in November 2001. The comment for School B under the heading ‘How good the school is’ follows:

‘The school is very effective. Standards are rising quickly. GCSE results are well above the national average and improving faster than the national trend. Current standards in class are above average in Year 9 and well above average in Year 11. Teaching is good overall. Leadership and management are very good. The school has successfully introduced a sixth form where standards have risen to average in a short time. All this has been achieved despite the effects of a devastating fire in December 1999. Unit costs are well below average so the school gives very good value for money.’ (p.6)

Both schools have been characterised by OFSTED as successful and as providing very good value for money. The head teachers and governors of both these schools firmly believe that financial resources are limited and yet, as noted by Governor 12, the schools still provide a quality education for their pupils. Without having been to the schools it would have been quite possible to believe that ensuring a quality education provision is relatively easy. These schools have limited resources and yet they still provide a good quality education. This view, however, seriously underestimates the successful ways in which the schools have developed strategies to cope with the perceived lack of financial resources.
6.3.6 Long-term effects of lack of financial resources

Governor 2 referred to the possible long-term effects on the school in terms of its future development. Given the governmental objective of schools aspiring for continuous improvement this is an important point:

'It restricts... well it restricts... it does two things: it restricts the development of the school in terms of enhancing the facilities or strengthening the management of the staff team and if it's restricted it can actually lead to a downward spiral or decline in the facilities and in the opportunities for the pupils. So effectively if funding is short you postpone/delay replacement in terms of fabric or materials or kit: you may finish up not recruiting to a level you would aspire to which means more stress is placed on the existing team. So basically it's bad news.'

(Gov. 2, 243:258)

This governor is concerned that decisions made now on the basis of saving money will ultimately be detrimental to School B in the future. If this is the case the school may find it difficult to ensure that pupils continue to receive a quality education. Currently there is no evidence to suggest this is the case. As was noted on page 193 above both schools do manage to provide good value for money in terms of providing their pupils with quality education.

Comments were also made by governors about the effect that a lack of funds has had on the governing body and the way in which it operates.

'I think it has been a bit depressing. Erm... because we haven't been able to fulfil all the things that we'd like to do. We'd like to have had smaller classes and we'd like to have improved the facilities... erm... more than we have and we knew a lot of things and have more support staff and a lot of people don't agree with you (sic) having more support staff because they think you should have more teachers but actually you can have a lot of support staff for the cost of a teacher and that releases the teacher to do the job of teaching instead of admin. or particularly in the places of lab. assistants and that sort of
thing. So I think we could be better with more money obviously... erm... and it has had a depressing effect on the governing body. I think they are feeling a bit flattened really because we’ve always had a little bit of flexibility but we’ve had year on year cuts in the last few years and it is difficult.’

(Gov. 17, 496:521)

This experience is certainly one I recognise in my experience of being a school governor. This section has suggested that financial resources in the schools in which the fieldwork was undertaken are limited and yet, to date, the education provided at these schools remains at a high standard (although there may be other non-financial consequences noted by governors, especially in the long term). The question that then arises is how do the governors at these schools manage their financial resources effectively and provide good value for money?

6.4 Informed decision-making

6.4.1 Introduction

As noted in the Introduction to this chapter, it was originally envisaged that this chapter would explore how governors make informed decisions in line with the model of financial literacy offered in Chapter 1. It became apparent that this was not possible at this stage in the thesis, hence the focus of this chapter became an examination of the nature of an informed decision with financial consequences. What is an informed decision in this context? It was argued above that decisions with financial consequences arise as a result of resources being limited. It was then argued that, in this context, financial resources are limited given the expectations placed on those resources. This penultimate section of the chapter examines the nature of decisions with financial consequences being made in the context of schools with limited, delegated funding. What is required of governors when they make decisions with financial consequences. Sub-section 6.4.2 argues that these decisions are more complex than simply matching income to expenditure. Sub-section 6.4.3 explores the link between a school’s strategy and the budget and contextual issues impacting on this relationship.
6.4.2 Managing a school's financial resources

During the preliminary stages of my pre-fieldwork phase I had a conversation with a governor with more than 25 years' experience as a school governor who was very active in the development of school governors. I discussed my initial plans for this study with him. He was very enthusiastic about the work of school governors. As part of our conversation about schools and the funding of schools he made the following comment:

'Managing school finances is easy, it's just a matter of matching income with expenditure.' (J.H, p.2)

This comment was somewhat unexpected. I found myself thinking about it for a long while after the conversation took place. Several questions arose as a result of this comment including if managing school finances was really so easy then had I chosen an inappropriate setting in which to examine financial literacy? Is financial literacy synonymous with simply matching income to expenditure? Eventually I decided that I should incorporate this comment into an interview question and take the opportunity to discuss this directly with the governors at the two schools where I was to undertake fieldwork. Later in the research process I asked governors about their feelings over whether this was a view of managing the finances of a school that they recognised. The responses were, perhaps unsurprisingly, mixed. One governor with a year's experience stated:

'Ah no: I think it is a lot more complicated than that. I think it's a lot more complicated and that's probably why I don't rock the boat because I am very conscious that the head and the bursar have to present these figures. The books do balance. I know they are both totally sort of honourable in their intentions and so, yeah, I can see it's probably a nightmare job really which is why sometimes I suppose we are there probably just rubber-stamping what they have done but then I don't feel we are in a position really to challenge what they do because I mean they probably do it very well. I feel they do it very well.' (Gov. 10, 377:394)

196
This governor is on the Finance Sub-committee at School A. He raises a number of interesting points. Firstly, he notes that it is the head and the bursar who are responsible on a day to day basis for managing the finances of the school. Whilst the governors are legally responsible for managing the resources of the school, they rely heavily on the head and bursar to do this on their behalf. This governor describes his confidence in the ability of these individuals to do this and, as a result, feels that governors are not in a position to challenge the head and the bursar. This can seen as problematic since there may be a tendency for governors to ‘rubber-stamp’ proposals made by the head in the same manner as this governor. The relationship of governors with the head teacher was an issue that concerned me and was again something I chose to discuss with governors. The outcome of these discussions is included in Chapter 8.

'I think it is much more complicated than that. There are so many more different pockets and so many.... for instance you can’t use your staffing budget for... erm... providing textbooks. You can’t use your textbooks for doing repairs to the school. So no it is not that easy it’s not that easy at all.’

(Gov. 11, 111:118)

This governor too disputed the simplicity of matching income to expenditure. He notes that the income that schools receive is often designated for certain purposes and for this reason cannot be used for other purposes. If a need arises in an area that has not got funds allocated to it it is not always possible to vire funds from elsewhere in the budget.

Another governor with eight years’ experience made the following comment:

‘In some ways, although we have a very tight financial position, the decisions haven’t been difficult. Once you have said, well with any amount we have got we will, and what we are doing is in the maximum interest of the pupils, part of that is to maintain as high a staffing level as you can afford, so you are not tempted to make silly staff cuts or to panic and make people redundant when
you don’t need to, so the decisions have been tough but not difficult. You haven’t got a great deal of choice.’ (Gov. 1, 222:236)

He raises the issue of limited resources. In his view, although resources are limited, the decisions governors have made have been relatively easy to make. Importantly, he has linked the decisions that are made to the education of the pupils stating that the decisions that are made are made in the best interests of the children. He also raises two other interesting issues. The first of these is the issue of staffing. The governors and head teachers at the two schools under investigation believed very strongly that maintaining current levels of staffing within the schools to be of the highest priority. Historically there have been staff cuts due to budget constraints but the schools are now considered to be operating at the lowest levels of acceptable staffing. For this reason staff costs are treated as fixed costs and make up around 85% of the recurrent operating expenses in both schools. As was noted by a number of governors, this clearly means that there is very little flexibility within the budget since each budget is set maintaining the current staffing levels. Before this issue is expanded on the comments of one other governor with eight years’ experience as a governor and extensive experience in business are worth noting:

‘No, people don’t need a high degree of financial knowledge, but they do need to understand the implications of the expenditure and the income side of it. I don’t think school accounts are all that straightforward: there are a huge number of accounts and the reason for them I’m not sure. We get sheets of figures that would be much better, and - indeed from experience - were much better when they were broken down, when they were amalgamated under headings and then if you said ‘Heh what about that?’ you got the breakdown in the background.

‘The other complication with I think, for everybody, a frustration for people who are used to knowing where their income comes from, or at least having some influence over where it comes from, but a complication for people who have no experience of finance is just the way schools are funded. We don’t know damned well what our income for the next fiscal year will be until very very late in this fiscal year and the ... erm... other complication of that is that
the school year runs September to September and the financial year runs April to April. To anyone from business it’s bloody barmy. It is, however, better than it used to be. I mean, in 1993 we often did not know what our income was going to be until the first or second month of the financial year.’

(Gov.3, 337:373)

Governor 3 has extensive experience in business. In his view governors do not need a high degree of financial knowledge but he stresses that they do need to understand the income and expenditure of the school, that is what drives the income and expenditure of the school. This is a different requirement of governors than simply matching income to expenditure as was suggested earlier. In addition, this governor notes that there is an added complication for governors when preparing the school budget. As noted in Chapter 5, the academic year (September – August) does not coincide with the financial year (April – March). This is problematic. Schools set budgets on an annual basis coinciding with the academic year. At this point they have no confirmation that the funds they expect to receive from April to August will actually be at the levels anticipated since the school does not have its annual income confirmed by the LEA until April at the earliest. This was noted by the head teachers and by several governors at these two schools as being unhelpful.

To return to the question which led to this area of enquiry, there is undoubtedly a need for school governors to ensure that the income and expenditure of the schools are matched as near as is possible. This is a fundamental part of managing the financial resources of the school. However, where resources are very limited this balancing act becomes a task of greater complexity. To say that matching a school’s financial resources to its expenditure is easy overlooks the complexity that underlies the decisions taken by governors due inter alia to the context in which governors operate.

Section 6.5 examines the link between the budget and strategy. It was stressed in Chapter 5 that the government advocates that school governors should maximise the use of their time through providing strategic direction for the school. It was envisioned by the government that financial resources would be matched to this strategy through documents such as the School Development Plan. This is explored in the next sub-section.
6.4.3 Budgeting and Strategy

Ten years after the introduction of LMS (noted in Chapter 5), the DfEE (1998) claimed that there was still scope for better use of resources to improve the quality of education provision. Edwards et al. (2000) responded to this claim. They conducted a study examining the connections between the planning of educational strategies and the budgeting of resources in schools by empirically investigating the budgeting and planning process within schools in three North Western LEAs. They were interested in the role of school planning, specifically whether it was used for rational decision-making or, alternatively, whether it merely fulfilled the function of external legitimacy. As a result of the study they offered two main conclusions:

i. Internal systems of budgetary control and school development planning were implemented by schools in such a way as to meet the LEA and the OFSTED inspectors’ requirements. Thus the major role of these systems has been to satisfy external legitimacy rather than to influence internal decision-making.

ii. The specific nature of the relationship between budgeting and strategy varies between schools as the degree of formalised planning differs.

They looked at seven aspects of the school’s planning procedures. These are summarised in Table 6.1 below:
Table 6.1 Aspects of planning and budgeting in schools following LMS

<table>
<thead>
<tr>
<th>Aspect of planning and budgeting</th>
<th>Description and comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Management control systems</td>
<td>Following LMS, schools tended to adopt LEA procedures due to lack of experience. The LEAs were concerned schools would overspend therefore emphasis was on balancing the budget. The idea behind schools having their own money was that resources and education quality were linked but, in practice, the schools found this hard to do.</td>
</tr>
<tr>
<td>2. Formulation and prioritisation of school objectives</td>
<td>Planning was usually done through recently introduced School Development Plans (SDP) although these were usually adopted for reasons of external legitimacy.</td>
</tr>
<tr>
<td>3. Costing of school objectives</td>
<td>Difficulty with assessing impact of spending on curriculum developments.</td>
</tr>
<tr>
<td>4. Temporal dislocations in financial and academic years</td>
<td>Concerns over timeliness of financial data and usefulness of it. Suggested value of accounting information is reduced so 'that governance may be a legitimating rather than participating activity' p.321</td>
</tr>
<tr>
<td>5. Salary costs as fixed expenditure</td>
<td>Very little discretionary spending due to salaries being treated as fixed costs.</td>
</tr>
<tr>
<td>6. Budgetary participation</td>
<td>The budgeting process was controlled by the head teacher and * the myth of the governors as decision-makers is maintained by the routine approval.' p.322</td>
</tr>
<tr>
<td>7. Competitive behaviour and professional ethics</td>
<td>The idea of schools operating in a competitive market place, competing for pupils, was not one readily adopted by schools.</td>
</tr>
</tbody>
</table>

There are many aspects of the findings summarised in Table 6.1 which are in line with the findings in this present study. Temporal dislocations in the financial and academic years and the treatment of staff costs as fixed were discussed in the preceding sub-section. Also noted above is the tendency for the head teacher, along with the bursar, to manage the school budget day-to-day. This was noted in Chapter 5 where the procedure for developing the budget was explored. It was also commented on by Governor 10 in Section 6.5 above. The other aspects noted in Table 6.1 but not yet touched on are now explored as they relate to the schools in this study.
The schools in the study undertaken by Edwards et al. had adopted the management and control systems of the LEAs and this was seen as fulfilling the role of external legitimacy rather than as a useful management role. My experience as a governor at a primary community school was very much in line with the schools in the Edwards et al. study. The computer systems adopted in the school were those recommended by the LEA and were considered by those who used them to be less than helpful. The function of the computer systems was to allow the LEA to receive regular feedback from the schools. Any financial analysis performed by either the head teacher or the Finance Sub-committee relies on ‘downloads’ from the LEA with an outline of the current financial position of the school. There were frequently problems with the timeliness of these documents which was again consistent with Edwards et al.’s findings. At the end of each financial year the LEA closes down the various accounts. Several weeks after the end of the financial year the school receives notification of its carry forward balance. There was a discrepancy at the school at which I am a governor between predictions and the LEA confirmation of £10,000 in the LEA’s favour. Investigations of this discrepancy highlighted that payments for teacher supply cover had been coded against the wrong budget code. Responsibility for this error remained unresolved. Individuals at the school remained convinced that they had used the appropriate supply code whilst individuals at the LEA remained convinced that the code used was the wrong supply code. Regardless of blame, the financial resources had been charged against the wrong ‘pot’. As the financial year had been closed down there was no option to change the coding since those funds were no longer available. A contingency fund of £25,000 was reduced to £15,000 due, in the first instance, to an error in coding but set in stone due to lack of timeliness of the information becoming available to the school.

Edwards et al. (2000) found that schools tended to formulate and prioritise their objectives through the school development plan (SDP). It was noted that the SDP was often used more for reasons of external legitimacy than as a useful planning tool. Edwards et al. (2000) found in the schools they studied that:

‘The relationship between the SDP and the budgeting process varies between schools. While some schools developed comprehensive planning systems, in
many others integration between school policies and the budget was very weak.' (p. 318)

These comments were certainly echoed by my own experiences. There may be several contributory factors to this. Firstly, as noted above, SDPs have their roots in external legitimacy. They are also a relatively recent addition in many schools driven by governmental pushes for improvements in standards of education. For this reason the idea of matching resources to planning objectives is a new requirement placed on head teachers and governors. An additional reason why schools have difficulty matching resources to objectives is noted as point 3 above in Table 6.1. It is very difficult to assess the impact of resources spent in order to achieve educational objectives. School A chose to employ an additional science technician during the period in which I conducted my fieldwork. It was hoped that this would improve the school’s ability to deliver the science curriculum to pupils. Trying to measure the impact of that decision with financial consequences is very difficult if it is possible at all. As Edwards et al. (2000) note:

‘In circumstances of uncertainty management control is likely to be exercised in judgmental and political ways (Hofstede, 1981), and frequently this undermines the notion of rational management. Exhortations by the Audit Commission and OFSTED to create links between the financial plan and educational objectives are thus likely to go unheeded in many schools.’(p.319)

The final reason why schools find it difficult to match financial resources to plans is, as already noted earlier in this chapter, the resources available to schools are limited. For this reason head teachers and governors find the idea of matching their objectives to their spending plans a frustrating exercise. Despite central and local government efforts to encourage schools to operate at a strategic level, they find themselves instead wrapped up in efforts to cut expenditure and raise additional sources of finance. This again was noted by Edwards et al. (2000) who commented:

‘School budgets have been so tight since the ERA of 1988 that many interviewees saw little scope for strategic change.’ (p. 323)
The feelings of frustration this engendered in the governors to whom I spoke has already been noted. One of the aims behind the introduction of LMS was that resources would be channelled through to successful schools. This logic was based on a private sector model in which schools would be allowed to compete for pupils. Catchment areas were abandoned with schools free to accept pupils from any location rather than simply those on the doorstep. In addition, schools were required to publish their examination results to enable parents to choose the best school for their children. Since the majority of school funding is based on a level of funding per pupil it was envisaged that popular schools would compete for pupils and thus increase their income. The way this has been adopted by schools has not had the desired effect:

‘Competition is generally viewed as a necessary evil and not an opportunity willingly grasped’ (Edwards et al. (2000), p. 325)

One of the governors at School B noted that the governors at the school had made a conscious decision to have what he called a ‘Dash for Growth’. Recognising that the main way in which the school could increase its income was through additional pupils, the school made conscious efforts to recruit additional pupils to the school. By doing this, however, the school only managed to maintain the existing level of funding. As pupil numbers increased funding per pupil declined. The school was left with additional pupils, similar levels of resources and increased class sizes.

Edwards et al. (2000) conclude their paper by stating:

‘At present, although there is much variation between the planning and budgeting processes which have been implemented in the participating schools, the overall picture is of a process in which strategic planning is decoupled from budgeting. The links between the school development plan and the budget are elusive in most schools in these authorities.’ (p.331)

Edwards et al. (2000), then, found little evidence to suggest that planning and budgeting in schools were linked and, for this reason, they conclude that there is an elusive link between SDPs and budgets. My own experience would lead me to agree with Edwards et al. to a degree. There is an elusive link between budgets and strategy
due to resources being so limited as noted by Edwards et al. I would argue, however, that the link between the school budget and strategy is achieved by much more informal means than Edwards et al. suggest. Staff costs are treated as fixed costs because governors believe that it is unacceptable for schools to operate below a minimum number of staff. This is a strategic decision which is reflected in the budget. Although, as noted by Edwards et al., this may not be apparent from the formal School Development Plan which may actually serve as a source of external legitimacy rather than as a useful internal planning tool directing financial resources.

6.5 Governors’ response to lack of funding

The discussion above may imply that governors are reactive to changes in the environment in which they operate in terms of funding. This is an unfair portrayal. Recognising that funds available to schools through the normal channels are limited, the head teachers and governors at both schools in which fieldwork was undertaken have reacted in two ways. In the first instance they have tried to decrease expenditure. This has been achieved in various ways including cutting back on staff and delaying repairs to and maintenance of the premises. As repeated cuts in expenditure ceased to be possible, or at least palatable, the head teachers and governors looked for ways to increase the funds coming into the schools.

Fair Funding was introduced in the belief that it would be beneficial for schools to operate like businesses. In this way schools were opened up to the idea of competition and it was suggested that successful schools would attract more pupils and, therefore, additional income since schools’ core funding is derived per pupil head. School B in this study actively sought to increase its pupil intake in order to generate additional income for the school. This clearly is only feasible up to a maximum capacity: at some point the school becomes full. Both schools in which fieldwork was undertaken are over-subscribed and could only take additional pupils if there was excess capacity. This approach only has limited impact on the income of the school. At the same time that School B increased its pupil intake cuts were made in the amount received by the school per pupil and thus the school had more pupils and less income. School A, which was already full, also experienced cuts in funding.
Despite limited opportunity, the head teachers and governors at these two schools have been very active in pursuing additional funds from other sources. School A had become a *Beacon School*. The idea behind the scheme was that outstanding schools could share good practice with other schools. Along with the *Beacon* status came £50,000 which made it an attractive proposition to the head teacher and school governors. At the time I undertook my fieldwork both School A and B were actively pursuing the opportunity to become Technology specialists. This action was again fuelled by the desire of the head teachers and governors to receive the associated financial resources that accompanies the Technology Specialist status – this source of additional funding is directly from the government. At various times the government backs up its commitment to new initiatives with funds available to finance these initiatives. Both of these schools have been active in pursuing these additional sources of finance. This type of income tends to be short-term and is usually subject to a bidding process. This was something I explored with governors. A significant amount of the head teachers’ and governors’ time was spent in pursuing these additional funds. I asked governors how they felt about having to bid for additional funds. For some governors the experience of bidding for additional funds was a very negative one as shown by the following comments:

'I think it is a useless diversion of important people's time. The headmaster and the rest of us have got far more important things to do. Like educate the children. We are not there to enter lotteries and auctions.' (Gov. 5, 404:409)

'I think it is very very unfair, it's a bit like the lottery.' (Gov. 11, 338:339)

'It costs money to bid. It costs man-hours. Our school in particular has a management team which is having to spend a large proportion of its time teaching and less managing and when you have a budget of £2 million or thereabouts. As a company it is ridiculous to expect your management team to do anything other than manage therefore to add extra bureaucracy having to do justification and bidding and the potential for return but no guarantee is rubbish. It is a bureaucracy for somebody’s trying to slow down the process and eke out the money a little bit more.' (Gov. 6, 426:442)
Other governors could see merits in the system. As one governor noted, the school had been successful in a number of the bids it had sought and thus he could see merits in the system as his comments show:

‘I’m a bit biased in that way because we have probably done quite well out of them over the years. But it is not right and it should be a much more controlled process. Get the funds right first, get that distribution right and then you don’t have to deal with things like that. We have done well because the headmaster is very aware of things that go on and our success at getting some of the money has surprised us to be quite honest.’ (Gov. 4, 322:334)

This governor is well aware that his perception of the bidding process is affected by the success of the bids the school has made. In spite of this though, he is critical of the system itself. He argues that, if the distribution of the majority of funds through normal channels was more effective, there would be no need for the school to bid for such additional funds. This is a viewpoint shared by other governors, for example:

‘I can see the point behind it but I think it’s too...it’s too uncertain because I am involved where I work. I work at (South College) and I am actually funded by the European union and that’s all on bidding .So I know quite a lot about bidding and projects and stuff and it always seems to me a huge waste of resources. You know you have to put such a lot of effort into your bid and it fails. Somebody else puts in a huge amount of effort in reading it, scoring it failing it, you know, and I just think there must be a better way than this so no, in general I don’t like it... erm... so I have problems with it like that. It doesn’t help the planning process if you build your house of cards based on bids and then the bottom one doesn’t succeed and you end up with, if you’ve several in and they all depend on one, the whole thing is a mess. So in general it doesn’t seem to be the best way. It would be alright if it was a peripheral exercise and it was, you know, to get something extra that was a luxury and you can do it without but as a way of core funding I think it would be disastrous.’ (Gov. 15, 692:711)
This governor clearly has other experience of bidding for additional funds. She notes the detrimental effect that a bidding process can have on planning. Funding achieved through such channels cannot be relied upon - especially in the long term. This has serious implications for the ability of governors to plan long term. This governor believes that there are merits in a bidding system as long as it is to supplement core funding. This viewpoint was shared by Governor 1 who stated:

'I suppose it depends what you are bidding for. In principle, I think that’s fine, because you are making a case as long as you are not bidding for trivial things. It should be for the genuine extras.' (Gov. 1, 140:145)

Governor 17 could also see the merits of a bidding process recognising that schools are funded with public funds and that governors are accountable for the good use of that funding. She believed that there were particular instances where a bidding process was an appropriate mechanism to distribute funds, such as for large capital projects:

'Er there, it is a good idea sometimes and it does focus minds but I think we’ve gone a little bit too far down that route. I think we need to have it for most of the money available it needs to go out in some sort of formula, even capital, but there has to be availability to bid in for large capital projects because schools can’t save the money up. I think we will probably end up with more public/private partnerships... erm... in the future because money is scarce. It doesn’t matter what walk of life it is, it’s scarce and it’s coming out of taxpayers’ pockets and so it has to very well accounted for and I think there will be more private money being pumped into the system. I don’t object to it because I think it does concentrate the minds of schools. Schools can be a little bit “Well we ought to have it because we are a school” so if they have to think about exactly how they are going to use it and why they are going to use it, it does concentrate the minds and I don’t disagree with it but it is too much now. It got to a silly stage with the standards fund where you were bidding for £100 and you know it’s just not worth bothering to bid for that because of the admin. time. So as long as the administration doesn’t outweigh the benefits the school gets I don’t have a problem with it.' (Gov. 17, 452:487)
This governor notes that the bidding process can be beneficial in encouraging good use of financial resources. Again, however, this governor notes that this is only useful if schools receive sufficient funds through the normal channels. In Schools A & B governors feel they are in a position whereby they have to seek additional sources of funding in order to continue to provide a quality education for pupils. They are involved in bidding to provide the basics rather than the luxuries.

Again then the ways in which schools are funded can be seen as having an effect on the ways in which school governors operate. They devote time and energy to seeking other sources of funds to supplement what they believe to be inadequate core funding. The nature of this kind of funding is short-term and this necessarily has an impact on decisions that are made. In addition to this, governors make decisions about the future of the school which they may not make if sufficient funds were available through core funding. The head teacher and governors at both School A and B were actively pursuing ‘Technology Status’ at the time I conducted my fieldwork. The government is committed to secondary schools becoming specialist schools. One such option is for schools to specialise in technology. Attached to this are significant sums of money to finance the scheme. Whilst the head teachers and governors at both schools were committed to developing the schools they serve it is questionable whether this is the direction that they would have pursued had sufficient core funding been available to pursue their own plans for the schools’ futures. In order to be able to bid for technology status the schools each had to raise £50,000 themselves. Significant efforts went into raising these funds.

Fundraising through the private sector had been relatively unexplored but, as noted by Governor 17 above, there is a belief held by some governors that public/private funding of schools will be far more common in the future. At the time I concluded my fieldwork School B had actively taken steps to secure the services of a professional fundraiser. A governor at School A also raised this idea during an interview.

As a result of the belief that schools should be run as businesses, governors are supposed to be recruited to the governing body from the local business community in
order to take advantage of their business experience. One of the governors I interviewed in the preliminary stages of this study made mention of this practice:

‘You are supposed to draw people from the local business community and things like that and, to be honest Carolynne, you just can’t do it. And sometimes the ones that you do get are not always if you like fully in sympathy with what schools are about. They think you can run them like businesses and you can up to a point.’ (MH. p.3)

This governor believed that there are elements of running a school which can be likened to running businesses but that this is only possible up to a point. Edwards et al. (2000) discuss what they call the ‘company-ization’ of schools and find it to be a flawed process. They note the private sector techniques were brought into schools in the name of improving ‘efficiency’ and ‘effectiveness’ but conclude that the process has served the purpose of external validation and state that the process:

‘has created structures around the schools, which do not necessarily reflect the schools’ perspectives of their own roles.’ (p. 312)

The discussion above identifies governors’ attempts to secure additional sources of finance. It highlights once again that governors do not believe they have sufficient funds available through core funding and that they have been proactive in seeking to address this situation. The behaviour exhibited by governors seems to be at odds with the idea that governors should aim to operate at a strategic level (Barber et al. (1995) as documented in Chapter 5 (Section 5.2.2). Due to the lack of core funding and the ‘strings attached’ to alternative sources of funds, governors are seen to be responding to changes in the environment in which they operate rather than concentrating on developing a strategic direction for the school. I would argue that in order to act strategically ideally governors should concentrate their efforts on being pro-active. Instead governors are re-active to environment which must impact on their ability to be strategic. Being reactive is, however, preferential to being inactive. The efforts of governors and the head teacher are concentrated on maintaining the quality education they provide. Additional funds are seen by both the governors and the head teachers in this study as vital in being able to achieve this objective.
6.6 Conclusion

The title of this chapter is 'Informed decisions - Decisions with financial consequences and limited financial resources'. The chapter began by examining why it is that understanding the financial consequences of decisions is important. It was argued (6.2) that these consequences are important because financial resources are limited. When financial resources are limited it follows that maximum advantage can only be made of those resources by understanding, inter alia, the financial consequences of alternative uses of those resources.

Section 6.3 then explored the funding of schools. Here it was argued that the financial resources for schools are limited. The perception of the governors in this study is that resources are severely limited and that this situation is exacerbated by inequalities in the ways in which funds are distributed by central government to LEAs and also in the ways in which that LEAs distribute funds to individual schools. The perceived effects of a lack of funding are also examined in this section. It was suggested that the lack of funds has had far-reaching effects on school life. Different governors highlighted different areas of concern and these included the effect on staff morale, increased class size, lack of facilities such as computers, music equipment and, finally, lack of improvement to and maintenance of buildings.

Despite the lack of funds, it was argued by one governor that the quality of the education offered to pupils was relatively unaffected. Evidence was offered that the schools were viewed by parents and OFSTED as successful ones. It was noted that this may not continue in the future with one governor observing that the long-term implications of lack of funds were uncertain. This governor felt that the long-term development of the school was likely to be affected by continued under-investment in the school. It was also noted that lack of funding had been 'depressing' for the governing body and was thus having negative behavioural effects on members of the governing body. Given that the schools seemed to be maintaining high standards of educational provision despite a lack of funding the question then arose as to how did governors manage their schools' financial resources effectively and manage to provide good value for money?
The focus of Section 6.4 examined the nature of informed decisions. Sub-section 6.4.2 revolved around a comment made by one governor in the preliminary stages of this study who claimed that managing the school's financial resources was easy, simply involving the matching of income to expenditure. Whilst this was considered a necessary activity it was not considered a sufficient condition for managing a school's financial resources in an effective manner. It was argued that this simplistic model ignored the complexity of achieving this balance whilst simultaneously maintaining the provision of a high standard of education for pupils at the schools which, it was argued, was the main role of school governors.

Chapter 5 emphasised that, from a governmental perspective, governors are encouraged to work at a strategic level in order to maximise the use of their limited time. In order to achieve this aim, and at the same time provide good value for money, it was expected by the government that financial resources should be linked to strategic objectives - often through the School Development Plan. Edwards et al. (2000) explored this link and found it to be an elusive one with planning often serving the purpose of external legitimacy rather than being seen as a useful planning device. Their findings were to a large degree supported by the findings of this present study. There were a number of explanations given for this, including the historical roots of the planning documents which were generated as a result of external initiatives, uncertainty in measuring the impact of spending resources and, of course, insufficient financial resources. It was argued that the link between the budget and financial resources may be better described as informal rather than elusive.

The penultimate section in the chapter explored the governors' response to the environment in which they find themselves. The governors were portrayed as being reactive to the environment, responding to external changes imposed on them whilst trying to maintain a quality education provision. The idea of schools operating as businesses was explored but was found to be imperfect - not least because of governors' inability to significantly change the level of core funding available to the school especially, in the long term.
Chapter 7  Conceptualising financial literacy – a sense-making process

7.1  Introduction

Writing this chapter has been a daunting task. The whole aim of this study has been to offer a conceptualisation of financial literacy in the belief that this has been sorely lacking in other studies. This chapter, more than any other, seeks to capture the success or otherwise of four years’ work. Additionally, as I have already stressed, this has been a personal journey as much as it has been an academic one.

The preceding chapters have laid the foundation for the conceptualisation that is offered in this chapter. Chapter 1 argued that there was a need for financial literacy to be adequately conceptualised. A proposed model of financial literacy was offered in this introductory chapter which underpinned the study. Chapters 2, 3 and 4 focussed on choosing an appropriate means of exploring financial literacy and the proposed model. The structure of the study was also outlined in these chapters. Chapter 5 examined the objectives of school governors. Here it was argued that the overall desired outcome which governors hope to achieve is to ensure a quality education for the pupils who attend the school they serve. Chapter 6 focussed on informed decision-making. It highlighted that resources for schools are limited and that making good use of a school’s financial resources is a means to an end, not an end in itself. Being financially literate may well be crucial for governors to make good use of a school’s resources but this is not the main criterion by which the governors’ or the school’s achievements will be judged. The school (and therefore the governors’ performance) is judged primarily in terms of the education it provides for its pupils. Governors are responsible for ensuring that the budget is balanced whilst simultaneously achieving educational goals.

The focus of Chapter 7 then is to offer a conceptualisation of financial literacy. Writing this chapter was not only a daunting task but it was also a complex one. I seemed to be in possession of lots of pieces of evidence I felt to be important. Making sense of this evidence was in no way straightforward. The way this chapter is
presented aims to identify these pieces of evidence and allow the reader to witness how the conceptualisation of financial literacy offered was developed. The focus of the current chapter is the sense-making part of the model. The chapter re-examines the usefulness of the proposed model of financial literacy and offers a revised model of financial literacy.

To examine the model the decision by governors at the two schools in which fieldwork was undertaken to become grant maintained schools is explored and mapped on the proposed model. The importance of non-financial consequences of decisions is explored. The chapter then re-examines what is meant by the term sense-making and the relationship between sense-making and financial literacy is discussed. In the final section of the chapter a revised conceptualisation of financial literacy is offered.
7.2  The Usefulness of the model

7.2.1  Introduction

This introductory part of Chapter 7 aims to re-examine the model proposed in Chapter 1, focussing in particular on the informed decision-making section of the model. To achieve this aim one decision with financial consequences was chosen for further exploration. Governors at both the schools in this study had in the past made the decision for their schools to become grant maintained schools. This was a decision that had significant financial consequences for the schools and, for this reason, I thought it useful to examine governors' accounts of the decision in order to examine the usefulness of the model proposed in Chapter 1.

7.2.2  The decision to become grant maintained - An example of a decision with financial consequences

The decision by the governors at these two schools to become grant maintained was outlined in Chapter 6 where it was highlighted that the benefits of becoming grant maintained were not purely financial ones. This decision is explored in greater detail now. At the time the decision was taken to become grant maintained, governors at both schools were very concerned about the poor state of repair of the buildings at their schools. Becoming grant maintained was perceived by most governors at both schools as being the only available option that would enable them to acquire the resources they needed in order to improve the school buildings. One governor explained:

'I think from the majority of people's point of view, it was a matter of getting totally fed up with having no money coming to the school and particularly, things like maintenance grants. That's what really the school was suffering over. It was lack of maintenance grants and it was having to contribute to things like special needs support and we never got any. We needed it as a school because we had a high percentage of, not special needs, but people with difficulties and we never got any support for that. But the school was falling apart. I mean we had, every
winter, we had the library flooded out with rain water coming in. I think we got a few thousand pounds a year to do things and we saw schools that were getting a million pounds.'  

(Gov. 4, 116:136)

Another governor gave the following account of the reasons lying behind the decision to become grant maintained.

'Erm there had been no other money spent on the school at all. It was in a terrible state. It still is in places but it's a vast improvement compared to what it was. So it was to get away from the County Council control and the facilities. And we did get, we got re-roofing of the main block, A block, and E block were re-roofed in the first year that we went GM and that was £465,000? Something like that. And then we got the Technology block which we built in two phases. That was £1.1 million altogether, but we didn't get anything else. We didn't get any more but we got money for facilities to spend on repair and decoration and things so we did get extra money. Well not extra money but sort of our share of the capital grant that you were allowed then which is stopped now. Well we still get a little bit but not nearly as much so we were able to do a lot of self help improvements and, because we had more flexibility in the budget, we were able to spend money on facilities. So they were the two main reasons, the County Council and facilities.'  

(Gov. 17: 206-235)

The accounts above describe the frustration governors felt over what they believed to be inadequate financial resources. In addition some governors were unhappy with their relationship with the LEA. The decision to become grant maintained seemed to provide a solution to both problems.

How does this decision fit in with the proposed model of financial literacy offered in Chapter 1? Governors' desire to maintain and improve buildings was clearly not improvement for improvement's own sake. Chapter 5 stressed that governors' overall objective was to ensure that the school provided quality education for children. Few would dispute that ensuring that there were buildings available in order to educate pupils is a necessary condition for quality education provision. These governors
explain the decision to become grant maintained in similar ways. Governors at both schools were responsible for buildings in a poor state of repair with no obvious means to address these major repairs. In addition, faced with what was perceived as a poor working relationship with the LEA, governors decided that their best response would be to opt out of LEA control and become grant maintained. This decision then can be seen as having financial consequences. However, the consequences were clearly not purely financial. Equally, the explanation offered for taking the decision was only partially financial. This is a complication that was not unexpected, but little attention has been devoted to this issue until now in the thesis.

In order to maintain a clear focus on financial literacy the non-financial consequences of decisions were deliberately omitted from the model proposed in Chapter 1. This was an artificial separation. An attempt is now made to try to map the points raised thus far in terms of the proposed model of financial literacy. The decision to become grant maintained is represented diagrammatically in Figure 7.1.

Figure 7.1 The decision to become grant maintained
Chapter 5 argued that the main objective of governors is to ensure that a quality education is provided for the pupils of the school. In order to do this these governors opted for their schools to become grant maintained schools. There were at least two outcomes of this decision:

(i) increased income;

(ii) independence from LEA control.

The first of the outcomes can be seen as having financial consequences. The second outcome is a non-financial consequence but was driven in the main by governors' desire to improve their acquisition of financial resources. The idea of decisions having both non-financial consequences and financial consequences is clearly not new. It is, however, easy to overlook the importance of non-financial factors when financial literacy is viewed as separate from the process of which it is a part. As can be seen from Figure 7.1, it is possible to view the decision to become grant maintained as one with financial consequences just as it is possible to view the decision as having non-financial consequences. The over-arching reason the decision was made was in order to achieve the governors' objective of providing a quality education for the pupils of the school. It is this shared aim that led to the decision being made. Any understanding that governors have of the financial consequences of the decision they make can only be made sense of in terms of the over-arching objective.

The literature that was reviewed in Chapter 1 focussed on an individual's ability to utilise financial information focusing on the skills of the individual and the resources available to that individual. This focus is clearly important. However, the work I have conducted over the last two years has strengthened my belief that this is the wrong end of the model to focus on initially. Individuals wish to be financially literate in order to achieve their desired outcomes. The desired outcomes come first and financial consequences can only be made sense of when related to those desired outcomes. At these schools the decision to become grant maintained was only taken because it was seen as overcoming two major obstacles to providing the pupils with a quality education. Those obstacles were a poor relationship with the LEA and lack of financial resources. Governors did not take the decision purely for financial reasons although clearly this was crucial to the decision.
7.2.3 Characteristics of financially literate behaviour

What more have we learnt about financial literacy as a result of the above exploration? In Section 7.2.2 it was argued that not only have governors recognised that resources are limited but they have also developed a response to try and overcome a lack of financial resources. When I first described this account of the decision to become grant maintained I felt I had made an important breakthrough. If recognising that resources are limited is the first step towards becoming financially literate then the second step, it could be argued, is developing a response to that recognition. The two responses which governors have developed are (in their most basic form):

1. manage financial resources effectively, through the budget;
2. try and change the situation e.g. aim to maximise income, minimise expenditure.

These responses are represented diagramatically in Figure 7.2
My early thoughts were that financially literate individuals firstly need to recognise there are limited resources and then, secondly, develop a response to this. The response that is developed, in accordance with the proposed model of financial literacy, would be contingent on the outcomes the individual hopes to achieve. For example, in the case of School A governors recognised that resources were limited when making the decision to continue providing vending machines. The response to this recognition was to keep the machines in the belief that they would provide a way of maintaining a quality school meals service. An unpalatable decision was taken not simply for financial reasons but because it was believed it would aid governors in achieving their objectives.
Recognising that there are limited financial resources and not developing a response to this would not seem to be consistent with being financially literate. In contrast, responding to limited resources does seem consistent with the idea of financial literacy.

The behaviour exhibited by these governors intuitively appears to be financially literate. The model proposed at the beginning of this thesis emphasised that financial literacy was about understanding or sense-making in order to make decisions with financial consequences. As I tried to develop the conceptualisation of financial literacy I realised my efforts here were concerned more with operationalisation than with conceptualisation. I was concerned with behaviour that appeared financially literate without having developed a conceptualisation. Clearly there was much further work required. Thus far this chapter has described the behaviour of governors accepting that governors can make sense of a problem in a way that would appear to be financially literate. What it has not attempted to address is how did governors come to make sense of the problem in the way they did? Were there alternative ways of addressing the problem? Section 7.2.4 presents an alternative view of the same problem and highlights again the importance of non-financial consequences of decisions when making decisions.

7.2.4 An alternative view of a decision with financial consequences

The following discussion exemplifies that, given the same set of circumstances, governors may not make sense of problems in identical ways. The nature of this study has ensured a focus on the financial consequences of decisions made by governors. However, it is important to note that governors will not only be interested in the financial consequences of their decisions. In some cases the non-financial consequences of the decision may be considered to outweigh the financial ones. This became very apparent during discussions with one governor (13) which focussed on the governing body's decision to become grant maintained. Prior to this particular discussion the decision to become grant maintained was portrayed to me by governors as being a very positive one. However, this particular governor had a very different viewpoint. In her view the school should never have become grant maintained and she
felt so strongly that this was the case at the time that she resigned from the governing body as a direct result of the decision being taken. (She has since been re-appointed.) She articulated two contributory factors leading to her decision to resign.

Firstly, whilst she recognised that there were positive financial benefits to the school as a result of becoming grant maintained, she felt the non-financial costs of the decision outweighed the financial ones. In particular she was unhappy about severing the school's relationship with the LEA, since this was something she personally held in high regard. In addition this governor was not comfortable with the idea that her school should receive a bigger share of the resources available to schools. She recognised that, given limited public funds, if one school receives more funds then other schools must receive less. (As a result of some schools opting out of LEA control the LEA received less SSA to be devolved to those schools still under LEA control. This resulted in a smaller sum in total being available to distribute to the remaining non-grant maintained schools in the county.) This was clearly another financial consequence of the decision taken by governors. The way this governor made sense of 'the facts' meant she found the decision unacceptable. Her own belief system affected the way she perceived the financial consequences of the decision to become grant maintained and set her apart from the other school governors.

The perceptions of Governor 13 of the decision to become grant maintained was very different to other governors' perceptions. This raises a number of very important issues. The financial consequences of decisions can only be made sense of at the level of the individual and, as such, they are open to interpretation, rather than being neutral facts waiting to be understood by potential recipients. Instead, what is considered relevant to sense-making, and how sense is ultimately made, will vary from individual to individual.

1. Ironically, this governor also viewed the school's success as having an undesirable effect. The popularity of the school has helped to ensure that house prices in the school's catchment area have risen substantially as parents try to ensure their children are accepted into the school. In this governor's view this has taken the school away from the village since those born in the village often cannot afford to buy houses in the village on leaving the family home.
All governors agreed that the decision they made led to increased funds and simultaneously severed the relationship with the LEA. These ‘facts’ were not at issue. One governor at least, however, saw these outcomes in a way that was at odds from the other governors. This is summarised in Figure 7.3 below.

**Figure 7.3 Governors’ response to limited resources**

<table>
<thead>
<tr>
<th>Recognise resources are limited?</th>
<th>Governors 4&amp;17</th>
<th>Governor 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Respond to this?</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Make decision to become grant maintained?</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

This is a very important point. As can be seen from Figure 7.3, Governor 13 was aware both that financial resources were limited and also of the financial consequences of the proposed decision to become grant maintained and therefore could be considered financially literate according to the proposed model. The governors who did opt to become grant maintained were also aware of the financial consequences of their actions and could also be considered financially literate. The decisions they made, however, were different. Governor 13 shared the overall aim of the governing body to provide a quality education for the children, but she viewed the means of achieving this very differently from the other governors. Different governors made sense of the ‘facts’ in different ways.

This example also serves as a timely reminder that financial literacy rests at the level of the individual. In this study the decisions examined were made at governing body level. However, each individual governor within the governing body must make sense of the problem in order to be in a position to be able to contribute towards making such decisions.

It was noted in Chapter 4 that Weick(1995) argues that sense-making is not synonymous with interpretation. Problems do not present themselves as givens:
instead, they are constructed. These governors constructed their own versions of the problems facing the schools and would seem to support Weick’s view.

The model proposed in Chapter 1 suggested that, in order to make informed decisions with financial consequences, governors need to be financially literate. One governor, however, made a decision at odds with the other members of the governing body. The governing body makes decisions collectively. This does not mean all decisions are unanimous. Governor 13, at odds with the majority of governors, chose to vote against School A becoming grant maintained. She did not offer an alternative set of facts on which she had based her own decision. Instead, she chose to make sense of those facts in a different way. This is potentially problematic. Can two apparently financially literate people given the same set of facts make different decisions? The example outlined above suggests this to be the case. This clearly has implications for the conceptualisation of financial literacy. The characteristics of financially literate behaviour outlined in Figure 7.2 clearly do not account fully for the way in which individuals make sense of situations prior to making decisions with financial consequences.

What implications does this have for any conceptualisation of financial literacy? The proposed model of financial literacy argued that the skills of individuals, their contextual knowledge, along with the resources available to them would determine their ability to make sense of problems in order to make informed decisions. The discussions above have highlighted that, whilst there may be a core set of skills required by governors in order to be financially literate, this does not mean all governors will share the same view of the problem or make the same decision.

It was argued in Chapter 1 that considerable concern exists that individuals are not financially literate enough. This concern arises because individuals make decisions that appear to reflect poor levels of financial literacy. It may be that these individuals are not actually financially illiterate, it may be that they make sense of problems in alternative ways. They may choose to make decisions for other non-financial reasons. For example, the objectives which school governors are trying to achieve are not just (or even primarily) financial ones. An examination of the objectives they aim to achieve may explain their decisions - remembering of course that financial resources
are limited. Limited financial resources constrain governors' decision-making. In addition there are other non-financial factors that can affect the decisions made by individuals. Ensuring that individuals have a sufficient level of financial understanding appears then to be only the first step in conceptualising financial literacy. This discussion highlights a need to focus in greater detail on sense-making. As Governor 16 notes:

‘They are frequently faced with decisions at (School A) which they find perplexing...Should the money go to drama or to maths. It is not a mathematical decision.’ (Gov. 16, 234:239)

Section 7.3 returns to the theme of sense-making.

7.3 Sense-making

7.3.1 Introduction

The idea of sense-making was introduced in Chapter 4 of this thesis. This chapter represents the culmination of my attempts to make sense of the world of school governors in order to try and make sense of financial literacy. Writing the chapter has contributed to the process of my attempts to make sense. As I have constructed, de-constructed and re-constructed the chapter I have moved slowly towards developing a conceptualisation of financial literacy. At the same time I have aimed to share my thought processes in order to help any potential readers of the thesis make their own sense of what I have to offer. This has not been easy. When polished chapters appear in completed theses it is easy to forget the embryonic stages when messy blocks of text reflected incomplete thought processes. What is presented in this chapter hopefully flows and appears in a sensible order. It does not, however, accurately reflect the chronology of my sense-making. With so much emphasis placed on sense-making it seems appropriate to return to re-examine the subject. This section addresses the question ‘What is sense-making?’ Section 7.3.2 which follows outlines the characteristics of sense-making as proposed by Weick (1995).
7.3.2 Characteristics of sense-making

The discussion of sense-making in Chapter 4 relied heavily on the work of Weick (1995) and it is to this work that I now return in order to try and make sense of sense-making itself. What actually is sense-making? According to Weick there are seven characteristics of sense-making. These are summarised in Table 7.4:

Figure 7.4 The Characteristics of Sense-making (summarised from Weick 1995)

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Grounded in identity construction</td>
<td>Begins with a conscious sense-maker.</td>
</tr>
<tr>
<td>2. Retrospective</td>
<td>Sense can only be made of what exists i.e. what has already happened and is in the past.</td>
</tr>
<tr>
<td>3. Enactment/enactive of sensible environments</td>
<td>People are part of the environment they act in and they contribute to creating that environment.</td>
</tr>
<tr>
<td>4. Social contact</td>
<td>Although sense-making rests with the individual it is a social activity (that is other people or the implied thoughts of other people have an effect on sense-making).</td>
</tr>
<tr>
<td>5. Ongoing events</td>
<td>Sense-making is continuous, the pure duration never stops.</td>
</tr>
<tr>
<td>6. Focus on and by extracted cues</td>
<td>What an extracted cue becomes depends on:</td>
</tr>
<tr>
<td></td>
<td>-what is extracted in the first place;</td>
</tr>
<tr>
<td></td>
<td>-how this cue is interpreted.</td>
</tr>
<tr>
<td>7. Driven by plausibility rather than accuracy</td>
<td>Sense-making is not about getting things right, (i.e. about perceiving a reality).</td>
</tr>
</tbody>
</table>

The first characteristic of sense-making according to Weick then is that sense-making begins with a conscious sense-maker. That is, sense-making occurs at the level of the individual. This does not mean, however, that individuals will only make one sense of situations. On the contrary, Weick (1995) argues:

'The more selves I have access to, the more meanings I should be able to extract and impose in any situation.' p.24

Individuals can be seen as having more than one self. The governors in this study clearly had a number of other selves which affected their sense-making. Governor 13 cited above had a political self which was at odds with some of the other governors.
This, *inter alia*, affected the way she saw the decision over the school becoming grant maintained.

The second characteristic of sense-making according to Weick is that sense-making can only occur retrospectively. Of the seven characteristics offered this is the one I found most difficult to reconcile. During the study I had implicitly assumed that financial literacy was about looking forward since I believed it was concerned with achieving as yet unachieved objectives. Yet here I am arguing that financial literacy involves sense-making which Weick (1995) argues is only possible to do retrospectively. Weick argues:

'It is only possible to direct attention at what exists, that is, what has already passed.' (1995:25)

This can be seen in the quotations offered above. When explaining the reason behind the decision to become grant maintained, Governor 4 refers to a number of causal factors including:

- ‘getting fed up with no money coming to the school’;
- ‘lack of maintenance grants’;
- ‘the school was falling apart’;
- ‘every winter we had the library flooded out with rain water coming in’;
- ‘we saw schools that were getting a million pounds’.

Each of these pieces of text refers to an event that has already happened. These causal factors were already in existence at the time the decision to become grant maintained was made. Accepting that sense-making is retrospective, the time had come once again to revisit the model. If sense-making is concerned with things passed and achieving objectives is concerned with future events, then clearly there is a time element to the model which has not been made explicit. This is made explicit in the revised model offered in Section 7.5. Since sense-making is retrospective it is argued it is impossible to make sense objectively. Bias is an inevitable feature of sense-making since:
'Whatever is now, at the present moment underway will determine the meaning of what has just occurred'. (Weick(1995):27)

Thirdly, it is argued by Weick(1995) that sense-makers cannot be distinguished from the environment in which they make sense. They are part of that environment and, for this reason, cannot be innocent bystanders. This argument underlay the discussions of reflexivity in Section 2.4 in Chapter 2. The fourth characteristic of sense-making according to Weick(1995) is that sense-making is affected by social contact. Although sense-making rests with the individual, each individual will be affected by contact with other individuals or, in some cases, the implied thoughts of other people. Fifthly, sense-making it is argued is continuous:

'People are always in the middle of things, which become things only when those same people focus on the past from some point beyond it'.

(Weick(1995):29)

This element of sense-making characterises sense-making as being continuous. That is individuals experience events constantly. The events that are made sense of only become delineated from other experiences after the event. In this way the delineation is arbitrary: what is 'chosen' to be made sense of being part of a larger, continuous whole. The way in which events become separated from other streams of experience requires individuals to look back from beyond that experience. So what determines which events become delineated? The sixth characteristic of sense-making is that it is focussed on, and by, extracted cues. As Weick(1995:49) notes this is problematic since:

'Efforts in sense-making are also a curse for investigators because it means that they are more likely to see sense that has already been made than to see the actual making of it'.

This is certainly true of this study where governors have shared their experiences of events that have already happened. They have shared with me the sense they made of those events. Whilst I did have the opportunity to witness governors in action, my
attempts to make sense of the events I witnessed happened much later. Inevitably my sense-making was affected by many events that had happened in the intervening period.

Finally, sense-making is not about getting things right. This distinction sets sense-making apart from terms such as understanding and meaning-making which were adopted in the early stages of this study. Sense-making is not about perceiving one single reality:

‘Instead, sense-making is about plausibility, pragmatics, coherence, reasonableness, creation, invention and instrumentality.’ p57

This for me is the single most important characteristic of sense-making as far as conceptualising financial literacy is concerned. As noted above and at other points in this thesis, the majority of effort focussed on financial literacy stems from a concern that individuals make decisions with financial consequences that appear to be poor decisions. The reason for this, it is suggested, is poor levels of financial literacy. The assumptions that underlie this argument include:

(i) non-financial consequences are less important than financial consequences;
(ii) financially literate individuals will make the same decisions given the same problems;
(iii) there is one objective reality for individuals to understand.

The model proposed in Chapter 1 does not adequately address these issues. Assumptions (i) and (ii) have already been discussed in this chapter. The proposed model of financial literacy argued that individuals use skills and contextual knowledge to make sense of resources in order to make decisions with financial consequences. The model paid no attention to examining how such resources and contextual knowledge came to exist in the first place. It was implicitly assumed in the model that resources would be prepared by financially literate individuals, including bursars and accountants, for decision-makers to understand or make sense of. There is an assumption that these resources reflect a given reality. The alternative view, that
resources are socially constructed, is not new and is discussed in Sub-section 7.3.4 below. Prior to the discussion in Sub-section 7.3.4, however, Sub-section 7.3.3 re-examines some of the comments made by governors in the light of the characterisation of sense-making offered above.
7.3.3 Governors’ comments on the recognition of the financial consequences of decisions

Chapter 6 discussed governors’ recognition of the financial consequences of decisions they have made. This sub-section returns to this topic in order to examine some of the governors’ comments made during the one-to-one interviews. From an early stage in my fieldwork activities I was convinced that governors at each of the two schools I studied were aware of the financial consequences of the decisions they made. I was interested in this awareness which, at this early stage of the study, seemed an important part of the, as yet unconceptualised, financial literacy. During the face to face interviews I shared with governors my belief that they seemed very aware of the financial consequences of their decisions. I asked each individual governor whether s/he agreed with this comment and, if so, how s/he felt governors had developed such an awareness. The discussion that follows is based on the responses to this question. This discussion was originally to be included in Chapter 6. At the time I wrote Chapter 6 I had not fully developed the conceptualisation of financial literacy offered in Chapter 7. At the time of writing Chapter 6 I felt that recognising the financial consequences of decisions was a significant part of financial literacy and yet I knew there was more to the conceptualisation than this recognition. At the time I conducted the one-to-one interviews I was uncomfortable with the idea of discussing comments made by governors about how each governor felt s/he had become aware of the financial consequences of decisions when I had not yet conceptualised financial literacy. For this reason the discussion of these comments is offered in this chapter in preference to Chapter 6. I have included these comments here in order to allow the reader some insight into the way in which my thought processes progressed towards developing the conceptualisation offered in this chapter.

Governor 17 felt that the school becoming grant maintained had a big impact on governors’ ability to recognise the financial consequences of decisions. She made the following comment on the subject:
‘We went from having, the head having, £70,000 budget to about a two and a half million pound budget over-night literally so we had to learn very fast and that’s where the very tightly-knit team came and of course that’s dissipated now.’ Gov.17

She comments that, as a result of the delegation of funding that accompanied School A’s change of status, the school received funds of £2.5m and that this required governors to learn fast. In this governor’s view this encouraged the governing body to work well together as a team, a team she felt worked very closely and very effectively together. (This is something she feels is lacking in the current governing body.) She believes that such a significant event in the school’s history helped ensure the governors worked as a team with a common purpose. She also believes that the members of the current governing body do not have such shared experience and therefore do not share such a close bond. According to Weick (1995), sense-making occurs at the level of the individual. It was also argued in Chapter 1 that financial literacy occurred at the level of the individual. Governor 17, however, rather than simply describing her own experience, talks about ‘we’. I believe her comments describe the way in which she believes those on the governing body came to recognise the financial consequences of decisions. Her description suggests that it was a team effort.

In this description a number of the other characteristics of sense-making are featured. Clearly, this description is retrospective. What is interesting is that she describes the impact of becoming grant maintained on governors’ ability to recognise the financial consequences of decisions and yet she does not describe how governors were in a position to make the decision to become grant maintained in the first place. This decision has already been described as having financial consequences and yet this governor chose to describe events that followed that decision. This is an example of sense-making being on-going. Individuals are always in the middle of sense-making, there is no delineated beginning or end. This governor chose to pick out one event from a long history of her own experience at the school. The social aspect of sense-making is also highlighted by this comment as she refers to the ‘very tightly-knit team’, stating that ‘we had to learn very fast’. From a relatively short comment such
as this we see some evidence to suggest that, in order to make decisions with financial consequences, governors do sense-make.

In response to the question about governors' ability to recognise the financial consequences of decisions, Governor 1 gave the following explanation for this recognition - referring again to the status of the school changing to grant maintained:

'Two main things I think. One because we were responsible for our funds being grant maintained and because cash was short, that becomes a major topic of conversation. And that led then to appointing the bursar and that has just led to so much better information so I think that led, heightening awareness and better information, led to us becoming more financially literate.' Gov. 1

Like Governor 17, Governor 1 uses the words 'we' and 'us' in his description. I do not feel that this necessarily detracts from the assertion that sense-making, and therefore financial literacy, rests at the level of the individual. I believe that the way the question was framed, a general one asking about governors' recognition of the financial consequences of decisions, meant that governors would naturally use plurals in their descriptions.

This governor outlines two main influences on governors' awareness of the financial consequences of decisions. Firstly, he mentions governors' responsibility for the school funds. Governors' recognition of their responsibility for the school finances presumably meant that governors became interested in the financial consequences of the decisions they made, maybe for the first time. Prior to the delegation of funding associated with the school adopting grant maintained status, the financial consequences were possibly of less concern to governors as governors did not have the same level of responsibility associated with non-delegated finances.

This influence he feels was compounded by funds being in short supply. This is an example of an extracted cue. Governors focussed on what they perceived as the school's lack of cash. He also claims that, since cash was in short supply, it became a major topic of conversation. Governor 1 states this as a piece of factual information.
In Chapter 6 it was argued that funds for schools are perceived as being in such short supply because governors have such high expectations of what the school can achieve with those limited funds. In other words the perception that funds are limited has been socially constructed. Governors have engaged in a sense-making activity and have constructed a shared view of the limited resources available to schools. As I noted in Chapter 6 when I began the one-to-one interviews with governors, I sympathised fully with governors’ descriptions of the lack of financial resources available to schools. This was as a result of my own frustrating experiences as a school governor where I had been involved in making unpalatable decisions on the basis of the financial consequences of those decisions. The frustration I, along with other governors, experienced over the perceived lack of funding arose as a result of the aspirations for those funds. This is an example of my own reflexivity within the research process and also a reflection of governors’ reflexivity in their attempts to sense-make in order to make decisions with financial consequences.

In the latter part of his comment Governor I suggests that the appointment of the bursar led to heightened financial awareness and that better information led to governors becoming more financially literate. This is clearly an interesting assertion. Initially the comment is interesting because this governor has made a distinction between financial awareness and financial literacy. This was not something I explored with governors and thus he made this distinction unprompted. The employment of the bursar led this governor to feel more financially literate. He was not the only governor who mentioned the importance of the bursar. Interestingly this governor describes the arrival of the bursar resulting in ‘much better information’. Unfortunately I did not probe him to explain what he meant by this term. Again then we see the importance of the social aspect of sense-making in governors’ reliance on the bursar. Governor I was not alone in stating the importance of the bursar in aiding governors’ understanding. During the one-to-one interviews one governor expressed the view that she was confident with the financial data received internally (that is, generated by the school) but were less confident when it came to data from external sources. When asked to explain why this was so the governor responded:
'Perhaps it is because there is someone I can go and ask if I don’t understand it. I can go to the bursar and you get an answer straight away. I think that’s what it is, there is a person at the end of it.' Gov.11

Another governor stated:

'The bursar is very good at making the data understandable'. Gov.3

These governors are describing the way in which the bursar helps them to understand financial reports. These governors appear to be striving for what they perceive as accuracy rather than plausibility. This is at odds with Weick’s characterisation of sense-making. The relationship between plausibility and accuracy is discussed further in the following sub-section. Governor 1 felt that better information had led to greater financial literacy. Why the bursar has this impact on governors can only be a subject of speculation. It may be that this phenomenon is similar to that described in Chapter 1 where private shareholders preferred the narrative sections of annual reports (Bartlett and Chandler (1997). An alternative view of this experience could be that the employment of a bursar was accompanied by a decrease in ambiguity and equivocality. The bursar presents governors with a view of the financial position of the school. She is also there to answer questions on the financial reports she presents. Governors are presented with a uniform view that can then be supported by the bursar verbally. This must be far more comforting than being presented with a problem where there is considerable ambiguity. This alternative view is clearly speculative but it is something I wish I had the opportunity to pursue with governors.

In response to the same question about the way in which governors became aware of the financial consequences of decisions, Governor 14 gave the following response:

'Right like most lessons in life the hard way. There’s nothing like someone sitting in a room and coldly telling you, you are going to be £173,000 short in your budget this year, to bring somebody up short and it’s the wrong way to learn a lesson but I am afraid it’s what happens. When I, my very first meeting I ever attended as a governor that was how (the Chair) opened the meeting.' Gov. 14
For this governor then there was certainly no problem with ambiguity. The problem he was presented with on attending his first meeting was unequivocal. The school had just been informed by the LEA that its income would be £173,000 less than anticipated when the budget was put together. As discussed in Chapter 6, unlike businesses, schools have very little opportunity to increase their income significantly. This news was relayed to the governing body by the then chair of governors. The governing body was then faced with attempting to devise a solution to the well-defined problem facing governors. This governor again has picked out one moment in the on-going history of the school and used it to explain the way in which governors at the school became aware of the financial consequences of decisions. This example of sense-making is reflexive. It reflects this governor's own experiences. Again, however, the importance of focussed cues is highlighted, as is the social nature of this governor's experience. At this governor's first meeting the chair described this problem facing the school to the other governors and thereby provided a focussed cue.

The comments above indicate that there is evidence to suggest that the characteristics of sense-making are relevant to the experiences of governors in this study. The idea that sense-making is driven by plausibility rather than accuracy does not seem to be supported by the comments included above. The comments made by governors in this section provide evidence to support the proposition that governors do participate in sense-making activities in order to make decisions with financial consequences. The comments suggest that governors' sense-making is characterised by six of the seven characteristics of sense-making proposed by Weick(1995). The following six characteristics of sense-making were evidenced: retrospective, reflexive, social, on-going, focussed on extracted cues and occurring at the level of the individual. The characteristic for which no evidence was found was that governors' sense-making did not appear to be driven by plausibility rather than accuracy. The comments made by governors suggest that governors seek accuracy rather than plausibility in order to make decisions with financial consequences.

Sub-section 7.3.4 examines the idea of financial information being socially constructed.
7.3.4 Financial information as social construction.

The idea of financial information being socially constructed is not a new one. Hines (1988) questioned the neutrality of financial accounting reports when she challenged the idea that financial reports simply record the reality of the organisation, arguing instead that they help to create the reality of the organisation. She states:

‘The financial accounts of an organisation do not merely describe, or communicate information about, an organisation, but they also play a part in the construction of the organisation, by defining its boundaries. An organization is not a concrete thing, but a set of interrelationships, and if it is to exist, then it must somehow be bounded or defined. Financial accounting controversies are controversies about how to define the organisation.’ p.258.

Exactly what gets reported and how it gets reported help to define the organisation itself Hines argues. Whilst schools do not publish annual reports in the way that commercial organisations do, similar decisions are made within schools, as organisations, which help to create the reality of the organisation. An example of this has already been seen in the decision to treat staff costs as fixed costs. In addition Hines (1988:257) states:

‘By taking for granted those things which others take for granted, we fail to understand how those things arise, and how they are sustained, through being taken for granted and thereby forming the basis for thought and action. By taking for granted, and rigorously studying, things as they are, one merely builds on lay conceptions, becoming an expert of description, and a collector of ‘facts’. But too close an attention to the ‘facts’ leaves unquestioned how facts arise – it leaves us bereft of deep explanation.’

This statement for me describes the way financial literacy has been treated in previous studies. The deep explanation has been omitted. By attempting to make sense of what governors do and why, an attempt has been made in this study to offer a deeper explanation of financial literacy.
Arrington and Schweicker (1992) argue that accounting research is a social practice which determines what eventually becomes accepted as accounting knowledge:

‘Accounting research is a public, social practice. While much scholarly labor is spent alone – contemplating, calculating, reading and writing – nothing counts as accounting knowledge unless it is accepted by an audience, usually one’s peers’ p.51

They argue that, in order for accounting research to become accounting knowledge, the researcher requires a convincing argument, that is a rhetoric:

‘This essay isolates rhetoric as one salient component of the social character of accounting research, and any accounting researcher who has tried to publish a study or convince a colleague in a workshop or a student in a classroom already knows that he or she needs an “art of argumentative persuasion”, a rhetoric.’ p.512

The results of accounting research, accounting knowledge, can be seen as one significant form of financial information. Arrington and Schweicker(1992) note that this knowledge is socially constructed through the use of argument and rhetoric. It is only when the findings of accounting research are made public that they will begin the process of becoming knowledge. The way in which accounting research findings are presented to an audience takes account of presumed characteristics of that audience. For these reasons then the production of financial information can be seen as social construction.

Management accounting systems are another form of financial information. Boland (1993:125) argues that managers making use of such systems are ‘more potent and inventive creators of meaning’ than had previously been suggested. Boland (1993:127) states:

‘Viewed up close, management accounting systems are but one set of rules and resources available to actors. Actors draw selectively and skilfully from this set in the reflexive monitoring and rationalization of conduct.’
Far from being an objective source of financial information then, management accounting systems are portrayed by Boland (1992) as intrinsically entwined with the actors (managers) who make use of them. Again then financial information is characterised as being socially constructed – inseparable from the individuals who create and make use of it.

7.3.5 Financial literacy and sense-making

This section aims to re-examine the proposed model of financial literacy taking into account all that has been discussed thus far. The original model outlined in Chapter 1 characterised financial literacy as a meaning-making process. The phrases meaning-making and understanding were used synonymously. As the thesis has progressed these terms have been replaced by the term sense-making. This has been very deliberate as I have become convinced of the appropriateness of this term in the latter stages of developing this thesis. The terms meaning-making and understanding were borrowed from literature describing or discussing literacy in its usual sense. Without realising it I had actually adopted two terms which are positivistic and which are, therefore, at odds with the social constructionist approach adopted in undertaking this study. Both terms assume that there is already something in existence to be understood or from which meaning can be made. Sense-making does not have such connotations. I had adopted an information processing model without giving sufficient attention to examining the key question: where does that information come from? As Weick (1995) notes:

‘Those investigators who favor the metaphor of information processing (e.g. Huber, Ullman & Leifer, (1979)) often view sensemaking, as they do most other problems, in a setting where people need more information. That is not what people need when they are overwhelmed by equivocality. Instead, they need values, priorities, and clarity about preferences to help them be clear about experience, which finally gives some sense of what that elapsed experience means.’ p.27
This I feel is crucial to offering a conceptualisation of financial literacy. At the outset of this study I argued that financial literacy was not synonymous with financial awareness. I argued that financial awareness was skill based and less complex than financial literacy. In the latter stages of this thesis I still believe this to be the case. I now believe that the key to this distinction is the issue of equivocality. Financial awareness is about equipping individuals to be able to understand budgets and other financial reports. Financial literacy is concerned with making sense of complex, equivocal problems in order to make decisions with financial consequences and achieve desired outcomes. Financial literacy recognises that those budgets have been socially constructed.

Here it is argued that financial literacy should be viewed as a sense-making process. If this is so then all the characteristics outlined in Figure 7.2 are also characteristics of financial literacy. The following section offers a conceptualisation of financial literacy and returns to the link between financial literacy and equivocality.

7.4 A conceptualisation of financial literacy

7.4.1 Introduction
The conceptualisation of financial literacy that is offered here is one that is necessarily offered somewhat tentatively. It is one that is clearly based on fieldwork conducted in two specific locations over a fairly limited time period. There are, of course, limited claims that can be made as a result of exploratory work such as this. Nevertheless, the conceptualisation is offered optimistically.

In the model offered in Chapter 1 it was suggested that financial literacy could be viewed as part of a process leading to desired outcomes. Here it is argued that this remains the case. School governors were seen to operate in an environment which can be characterised thus:

(i) Whilst school governors are responsible for managing the finances of their school, schools exist to educate children. Managing a school’s finances is a means to an end and not an end in itself. School governors are charged with
managing a limited set of resources in order to encourage maximum pupil achievement.

(ii) Whilst decisions made by the governing body will have financial consequences, they are unlikely to have solely financial consequences. For example, governors of a school faced with a constrained budget may decide to make a teacher redundant. This clearly has financial consequences that may result in the school's budgeted expenditure being met. However, the factors which enable the governors to make this decision are clearly not just financial ones. Other factors including the effects on class sizes, pupil achievement, staff morale and parental reaction are likely to be just as significant when governors come to make their decisions.

There appear to be different kinds of problems facing school governors when they attempt to make decisions with financial consequences. At one level some governors struggle with their financial awareness. By this I mean they struggle to understand the financial information they receive. In response to the question 'Do you feel confident with the financial data you receive?' one governor commented:

'I mean I don't really understand the finances terribly well and I haven't really tried because I think well, the trouble is unless you actually got somebody on their own, unless I got the chair or somebody on his own and said explain it to me there isn't really a forum to find out because you can't hold up the school governors' meeting and sort of really you know. I trust them to do it'

(Gov. 15, 118:129)

This feeling of not 'really understanding' was not limited to those governors who are not on the Finance Sub-committee as a member of the Finance Sub-committee at School A stated:

'Erm for some of us the sums of money are so huge they are just not figures we would ever imagine dealing with and for others ... I think that maybe some of the governors are far more aware than I am. It's very hard to deal with
These two governors expressed their difficulties in understanding the financial information with which they were presented. Both governors were very aware that the school's resources were limited. In these governors' minds this did not give rise to sufficient understanding for them to make sense of the environment in which they operated.

In response to the same question ('Do you feel confident with the financial data you receive?') a governor on the Finance Sub-committee at School A, with considerable financial experience, replied that he was not confident. He also expressed concern over his understanding. When asked why he replied:

'Because I don’t think it’s, the way it’s presented does not for me lead the governors to be able to form a clearer view of the big picture (pause)It's presented in a very incremental way. It doesn’t for me take us from this is where we are, these are the major issues, this is where we are going to be at the end of the year. It's quite hard work making that connection... erm... I'm not saying it's not there but it doesn’t easily lend itself.' (Gov. 12, 398:413)

This governor, a financial director by day, has no problem with his financial awareness: instead, he is struggling to make sense of an environment with which he is unfamiliar. Weick(1995) argues that situations where equivocality exists are those where sense-making will occur. In order to identify equivocal or ambiguous situations Weick(1995) makes use of a table proposed by McCaskey (1982). On examining this table I was excited by the number of characteristics I recognised in the environment in which schools operate. Equivocality is a big problem for school governors. This is examined in section 7.4.2.

**7.4.2 Managing ambiguity and equivocality**

McCaskey developed the table shown in Table 7.1 as a result of a four-year study aimed at differentiating between managing poorly-defined, ambiguous situations and
managing well-defined, clearly understood ones. His interest stemmed from the belief that textbooks were aimed at the latter type of problem and that this was insufficient given his belief that:

'Ambiguity is a rich, if frustrating, and inevitable part of life. We should not try to ignore, avoid, or rationalize what is fundamentally unclear. To manage the ambiguities of change, we must first allow them to exist. The greater danger is the temptation to deny ambiguity or impose clear meaning on ambiguous events.' p.6

The characteristics developed by McCaskey (1982) are reproduced in Table 7.1 because I believe that a number of the characteristics describe the environment in which school governors operate. Table 7.1 outlines 12 characteristics of ambiguous and changing situations. The second column describes and comments on these characteristics. I have added an additional column to the original table in order to present evidence of the characteristic in the environment in which school governors operate.
<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Description and Comments</th>
<th>Evidence of characteristic in school environment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nature of problem is itself in question</strong></td>
<td><em>‘What the problem is’ is unclear and shifting. Managers have only vague or competing definitions of the problem. Often, any one ‘problem’ is intertwined with other messy problems.</em></td>
<td><em>The role of school governors is not always well understood and is subject to change. (Chapter 5)</em></td>
</tr>
<tr>
<td><strong>Information(amount and reliability) is problematical</strong></td>
<td><em>Because the definition of the problem is in doubt, collecting and categorizing information becomes a problem. The information flow threatens either to become overwhelming or seriously insufficient. Data may be incomplete and of dubious reliability.</em></td>
<td><em>Governors are heavily reliant on information provided by the bursar/head teacher. (Chapter 5)</em></td>
</tr>
<tr>
<td><strong>Multiple, conflicting interpretations</strong></td>
<td><em>For those data that do exist, players develop multiple, and sometimes conflicting interpretations. The facts and their significance can be read several different ways.</em></td>
<td><em>This was shown to be the case in Section 7.2 above.</em></td>
</tr>
<tr>
<td><strong>Different value orientations, political/emotional clashes</strong></td>
<td><em>Without objective criteria, players rely more on personal and/or professional values to make sense of the situation. The clash of different values often politically and emotionally charges the situation.</em></td>
<td><em>This was also discussed in Section 7.2.</em></td>
</tr>
<tr>
<td><strong>Goals are unclear, or multiple and conflicting</strong></td>
<td><em>Managers do not enjoy the guidance of clearly defined, coherent goals. Either the goals are vague, or they are clearly defined and contradictory.</em></td>
<td><em>Chapter 5 argued that, whilst the overall goal of school governors revolves around ensuring the school provides a quality education for pupils, the way this is best achieved is not clear.</em></td>
</tr>
<tr>
<td><strong>Time, money or attention are lacking</strong></td>
<td><em>A difficult situation is made chaotic by severe shortages of one or more of these items.</em></td>
<td><em>Chapter 6 explored the idea that financial resources available to governors are limited.</em></td>
</tr>
<tr>
<td><strong>Contradictions and paradoxes appear</strong></td>
<td><em>Situation has seemingly inconsistent features, relationships, or demands.</em></td>
<td><em>Schools constantly required to improve performance yet resources do not increase.</em></td>
</tr>
<tr>
<td><strong>Roles are vague, responsibilities are unclear</strong></td>
<td><em>Players do not have a clearly defined set of activities they are expected to perform. On important issues, the locus of decision-making and other responsibilities is vague or in dispute.</em></td>
<td><em>Governors’ role change. Relationship between head and governors can be blurred/misunderstood.</em></td>
</tr>
<tr>
<td><strong>Success measures are lacking</strong></td>
<td><em>People are unsure what success in resolving the situation would mean, and/or they have no way of assessing the degree to which they have been successful.</em></td>
<td><em>Measuring the effectiveness of schools and school governors was seen to be difficult in Chapter 6.</em></td>
</tr>
</tbody>
</table>
As can be seen from the above, the environment in which governors operate is an ambiguous and changing one. For this reason making decisions with financial consequences is very challenging and complex. Governors are required to sense-make in such a complex environment.

What effect does the discussion above have on the original model of financial literacy proposed in Chapter 1? This is addressed in Section 7.4.3.

7.4.3 Revisiting the proposed model of financial literacy

The aims of this chapter were to explore the model of financial literacy proposed in Chapter 1 of this thesis and to conceptualise financial literacy. The discussion above has argued that financial literacy is not about understanding or meaning-making as was anticipated at the outset. The reason that these terms are not appropriate is that they assume there is an objective reality to be understood. It is argued here that this is not a useful way to characterise the environment in which managers in general, or school governors in particular, operate. This environment, it is argued, is ambiguous and changing. Participants are required to actively sense-make in order to make decisions with financial consequences in order to achieve desired outcomes. It is also argued that the proposed model was based on an information-processing model that is inconsistent with sense-making. For these reasons an amended model of financial literacy is now proposed as shown in Figure 7.5. In this model no reference is made to specific skills, resources or contextual knowledge. Instead these may or may not be part of the sense-making process.
In the revised model financial literacy is still conceptualised as a process involving individuals striving to achieve desired outcomes. Financial literacy is no longer viewed as an information-processing model. Instead the model reflects the social constructionist approach adopted during this study. This is an important change in emphasis. Rather than focussing on skills and resources, the model now emphasises the way in which individuals construct the problems they attempt to address. Financial literacy is no longer about understanding given problems. In contrast financial literacy is about the construction of problems as much as it is about solving those problems and achieving desired outcomes. In this way then financial literacy can be seen as being distinct from constructs such as financial awareness which pay no attention to matters such as ambiguity and social construction. To offer a definition:

Financial literacy is a sense-making activity whereby individuals construct problems in order to make informed decisions with financial consequences in order to achieve desired objectives.

So what are the implications of such a conceptualisation? The model offered in Figure 7.5 has altered from that offered in the early days of the study. The reasons for this have already been outlined above. The emphasis of the model has shifted. Here it is argued that problems with financial consequences are created by individuals according to their sense-making. This is a very different view from that which was offered at the outset where clearly-defined problems were viewed as being in need of solution. For some this may seem a disappointing conclusion. The implications of such a conceptualisation mean that financial literacy cannot be viewed as a simple
construct that can be easily taught to individuals who are required to make decisions with financial consequences. In response to this criticism I would agree with McCaskey (1982) quoted above who notes that ambiguity is an inevitable, if sometimes unwelcome, part of life.

This conceptualisation of financial literacy requires us to understand why individuals make sense of problems in the ways they do rather than to assume that sense can only be made in one way. This is the focus of Chapter 8.

7.5 Conclusion

This chapter has revisited the proposed model of financial literacy which has underpinned much of this study and thesis. The chapter has argued that financial literacy should be viewed as a sense-making process. This is because financial literacy is relevant to environments that are ambiguous and changing and therefore environments in which making informed decisions with financial consequences in order to achieve desired outcomes is complex. The sense-making of governors was examined through comments made in the one-to-one interviews. Particular attention was paid to examining whether the characteristics of sense-making proposed by Weick (1995) could be identified in the comments made by governors. Evidence was found to support five of the six characteristics explored. The characteristic of sense-making which was not identified was the sense-maker’s concern with plausibility rather than accuracy.

According to Weick (1995), sense-making is concerned with plausibility rather than accuracy. Financial literacy is usually associated with individuals getting things right. This rests on the assumption that there is one version of events waiting to be understood. The conceptualisation of financial literacy offered in Chapter 7 challenges this assumption. This is because it was argued that financial literacy should be associated with problems that are ambiguous and equivocal. It is perhaps not surprising that there is no evidence presented about governors’ efforts to look for plausible solutions rather than accurate ones since this is a very different way of viewing financial literacy. This again is an area in need of further research.
It was reiterated in this chapter that financial literacy is differentiated from other terms such as financial awareness which are implicitly positivistic. It is argued that financial awareness is concerned with individuals’ ability to understand a given problem. In contrast financial literacy is concerned with identifying how problems are defined in the first place and how perceptions of problems come to exist. Governors were shown in Chapter 6 to share a perception that schools are under-funded. This perception is one that is shared and yet it is one that has been socially constructed. Financially literacy has been conceptualised in recognition of this.

This chapter has made no attempt to characterise how governors sense-make. This is the focus of Chapter 8. The problem of operationalising the conceptualisation of financial literacy offered is also addressed in Chapter 8.
Chapter 8  Governors' sense-making and financial literacy

8.1 Introduction

This penultimate chapter has taken a number of forms in earlier drafts. The original aim of this chapter was to try and operationalise both financial literacy and financial awareness. Since the conceptualisation of financial literacy offered in Chapter 7 was necessarily offered tentatively, my intentions in trying to operationalise financial literacy and financial awareness were to develop the plausibility of the conceptualisation. The term plausibility has been deliberately adopted here. Consistent with a reflexive, ethnographic approach the findings offered as a result of this study have aimed to provide a 'deepened, complex, thoroughly partial understanding of the topic' (Richardson 1998:358 (See Chapter 4, Section 4.4)). It does not claim to offer 'the truth'. One of the characteristics of sense-making described by Weick (1995) (Chapter 7, Figure 7.3) is plausibility. Weick (1995) argues that sense-makers are concerned with plausibility rather than accuracy. This study has been concerned with making-sense of financial literacy. I felt it was, therefore, appropriate to examine the plausibility of the conceptualisation offered of financial literacy. I felt one way of exploring the plausibility of my conceptualisation of financial literacy would be to try and operationalise financial literacy.

In order to attempt to operationalise financial literacy I began to re-examine the distinction between financial literacy and financial awareness. Almost from the outset of this thesis it has been argued than these two terms are not synonymous and, as discussed in Chapter 7, I still believe this be the case. As I began to explore these two terms again in an attempt to distinguish between them it became apparent this was a premature activity. I became convinced that it was inappropriate to try and operationalise these concepts in this thesis. This, I think, was in the first instance a disappointing realisation but nonetheless a realistic one.

My initial desire to operationalise financial literacy and financial awareness stemmed from a desire to present additional evidence on which to establish the plausibility of the conceptualisation of financial literacy offered in Chapter 7. The conceptualisation offered in Chapter 7 was done so cautiously due to the exploratory nature of this
study. To make bold claims about the conceptualisation would be premature. Instead, this thesis offers the first conceptualisation of financial literacy. What this chapter aims to do is offer further evidence to support the conceptualisation offered.

Chapter 8 appears in this thesis because I felt there was a great deal more to be discussed about financial literacy as a sense-making process. Section 8.2 outlines one of the activities I engaged in when I attempted to distinguish between financial literacy and financial awareness. This was to re-examine a decision with financial consequences. Questions are raised as a result of this re-examination. Section 8.3 of this chapter returns to the work of Weick (1995) to explore sense-making as a process. It begins to look at the way in which governors sense-make. This involves examining the substance of sense-making and highlights the role of frames and cues in sense-making. Section 8.4 examines the issues of frames and cues for the school governors in this study. It also examines the role of the head teacher as ‘sense-giver’ (Thayer 1988). Section 8.5 examines the relationship between the conceptualisation of financial literacy offered in Chapter 7 and the meaning-making model (based on Weick (1995)) offered in Section 8.3.

8.2 Re-examining a decision with financial consequences

As was noted in the introduction of this chapter, my attempts to construct this chapter involved attempts to distinguish between financial literacy and financial awareness. One strategy I adopted in an effort to accomplish this task was to try and establish what financial literacy is not on the basis that what is not financial literacy may be financial awareness. It was argued in Chapter 7 that financial literacy is not synonymous with financial awareness. The main reason that these concepts are not synonymous it was argued in Chapter 7 is because they are relevant to different kinds of problems. In order to try and substantiate further that a distinction between financial literacy and financial awareness exists a useful approach seemed to be to re-examine a decision with financial consequences made by governors to explore whether such a distinction can be made.

In Chapter 7 it was argued that financial awareness is concerned with individuals’ ability to understand financial information such as budgets and other financial reports
which exist as a result of problems being clearly defined. Financial literacy, on the other hand, is concerned with making sense of complex, equivocal problems in order to make decisions with financial consequences and achieve desired outcomes. Since the plausibility of such an argument rests on the distinction between two different kinds of problems I felt it was important to re-examine a decision with financial consequences faced by governors.

The decision to be re-examined is one outlined in Chapter 5 - the decision made by governors at School A to continue to provide vending machines. During my attendance at one of the full governing body meetings discussions occurred in which some of the governors at School A expressed their dissatisfaction that vending machines containing unhealthy snacks should be provided for pupils in school. In spite of this dissatisfaction the machines were maintained in order to generate income which was considered vital in order to provide a quality education for the children. In making the decision governors recognised that the school’s financial resources were limited. They also recognised the potential opportunity cost of the financial resources generated by the vending machines and were therefore aware that, if the machines went, then so would the income and other sacrifices would have to be made. Did governors rely on their financial awareness or their financial literacy to make this decision? Using the conceptualisation offered in Chapter 7 the answer to this question must rest on the nature of the problem. Did the problem require governors to examine financial information constructed on their behalf or did it require them to construct the problem to be addressed in order to make a decision with financial consequences? I believe that if the problem had been of the former kind there would have been no debate between governors. Based on financial grounds the decision would have been made simply. It is quite possible that the discussion may never even have appeared on the agenda since it was, in part, non-financial concerns that made the decision complex. In financial terms alone the ‘right’ answer was to continue providing the vending machines.

Governors’ attempts to resolve this issue involved sense-making, and since it was a decision with financial consequences it involved financial literacy. Governors, with the help of the head teacher, constructed the problem to be addressed. The problem was equivocal. What would the consequences of losing £40,000 worth of predicted
income be on the educational achievements of the pupils? What would the long-term health implications be on those pupils who may not be provided with a quality school meal provision? What would be the long-term health implications for those pupils who made use of the vending machines? Questions such as these were impossible to answer at the time the decision was made. For this reason governors were operating in an ambiguous environment. They were required to sense-make and use their financial literacy.

Assuming this decision did require governors to use their financial literacy, was it also necessary for governors to be financially aware in order to make this decision? Were governors required to understand financial reports in order to make this decision? At the meeting in question governors were not presented with any written financial information to be understood. The decision was made as a result of verbal discussion between the governors. The decision rested, however, on previous discussions about the inflexibility of the budget and the lack of financial resources available to the school. Governors already had some financial understanding as they made this decision. The answer to the question ‘Is it necessary for governors to be financially aware in order to be financially literate?’ is complex and is beyond the remit of this thesis.

Whilst this re-examination of the decision by governors at School A to maintain the vending machines was of limited use in trying to distinguish between financial literacy and financial awareness it did raise some interesting questions. How did governors come to be in the position to make this decision? Why was it construed as a problem worthy of their attention? Additionally the ambiguity surrounding this problem meant this was an occasion for sense-making. How was it that the issues on which governors based their decision, came to be issues to be made sense of? It was time again to return to the issue of sense-making.

8.3 The substance of sense-making

This section of Chapter 8 examines what Weick (1995) refers to as the substance of sense-making. What do individuals, and in this study governors in particular, draw on
in order to make sense and be in a position to make decisions with financial consequences? My interest in the substance of sense-making can be summarised by the following statement from Weick(1995):

‘Any enquiry into the substance of sense-making represents an attempt to learn what people ‘draw on’ to construct roles and interpret objects. Typically, that idea of drawing on something suggests the implicit or explicit operation of some sort of frame (e.g. national culture) within which cues are noticed, extracted, and made sensible.’ p.109

Weick (1995) devotes particular attention to the substance of sense-making by which he means what is being made sense of - the content of sense-making. He argues that it is important not to just look at the process of sense-making since this presents a danger of ignoring what is actually being processed. Weick (1995) also emphasises the importance of words and language in sense-making. Without these sense-making could not occur and yet he claims the use of language is necessarily flawed:

‘ But all of these words that matter invariably come up short. They impose discrete labels on subject matter that is continuous. There is always slippage between words and what they refer to. Words approximate the territory; they never map it perfectly. That is why sensemaking never stops.’ p.107

For Weick (1995) sense-making relies on cues which are set within frames. Given the importance of language to sense-making it is no wonder that Weick(1995) characterises the nature of these frames and cues as vocabularies. By participating in sense-making Weick (1995) argues that individuals make use of a variety of vocabularies. These vocabularies are included in Table 8.1.
Table 8.1: The Vocabularies of Sensemaking (summarised from Weick (1995))

<table>
<thead>
<tr>
<th>Substance</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ideology: Vocabularies of society</td>
<td>Ideologies are defined as a 'shared relatively coherently interrelated set of emotionally charged beliefs, values, and norms that bind some people together and help them to make sense of their worlds' Trice and Beyer (1993:33)</td>
</tr>
<tr>
<td>Third-order Controls: Vocabularies of organization</td>
<td>Assumptions and definitions that are taken for granted. They influence the premises people use when they diagnose situations and make decisions. Premises include both factual content and value content (Simon 1957). ‘Facts give way to values, computation gives way to judgement, and sensation is displaced by ideology, all without the member necessarily being any the wiser to these shifts.’</td>
</tr>
<tr>
<td>Paradigms: Vocabularies of Work</td>
<td>Paradigms can be defined as sets of recurrent and quasi-standard illustrations that show how theories of action are applied conceptually, observationally, and instrumentally.</td>
</tr>
<tr>
<td>Theories of action: Vocabularies of Coping</td>
<td>‘Distinctive because they build on the stimulus response (S-R) paradigm. People in organizations build knowledge as they respond to the situations they encounter.’ p.121.</td>
</tr>
<tr>
<td>Tradition: Vocabularies of Predecessors</td>
<td>‘All kinds of images, objects, and beliefs can be transmitted as traditions. But there is one thing that cannot be transmitted, and that is action. The moment an action is performed it ceases to exist. This means that the only things that can be transmitted are images of action and beliefs requiring or recommending that these images be re-enacted.’ p.125</td>
</tr>
<tr>
<td>Stories: Vocabularies of Sequence and Experience</td>
<td>‘The fact that stories serve as ‘guides to conduct’ recapitulates once more the point made earlier that frames guide conduct by facilitating the interpretation of cues turned up by that conduct.’ p.127 ‘The requirements necessary to produce a good narrative provide a plausible frame for sense-making. Stories posit a history for an outcome.’ p.128</td>
</tr>
</tbody>
</table>

These vocabularies provide either cues or frames and provide opportunities for sense-making and are discussed in relation to governors in Sub-section 8.4.2 below. In order to make sense Weick(1995) argues there needs to be two elements and a relation between them:
'Sense and meaning require three things: two elements and a relation. What those elements are about, and what kind of relation connects them are less important than the fact that all three are present. Furthermore, sense can be made regardless of which three elements people start with.' p.111

He continues by characterising the nature of frames and cues thus:

'Frames tend to be past moments of socialization and cues tend to be present moments of experience. If a person can construct a relation between these two moments, meaning is created.' p. 111

This view of the way in which individuals make sense can be represented diagramatically as shown in Figure 8.1:

Figure 8.1 The making of meaning (adapted from Weick (1995))

In this model sense-making begins in the present with a cue. In order to make that cue sensible individuals draw on past moments of socialisation. By developing a relation between the cue and the frame, sense is made. The usefulness of this model for developing our understanding of financial literacy is explored in the next section through governors' own descriptions of financial literacy.
8.4 Cues and frames in governors' sense-making

8.4.1 Introduction

The aim of this section of Chapter 8 is to examine the role of cues and frames in governors' sense-making. Before this though I return to the comment made by Governor 12 included in Chapter 7 (Sub-section 7.4.1) who stated:

'The way it's presented does not for me lend the governors to be able to form a clear view of the big picture. It's presented in a very incremental way. It doesn't for me take us from this is where we are, these are the major issues, this is where we are going to be at the end of the year. It's quite hard work making that connection erm I'm not saying it's not there but it doesn't easily lend itself.' (398:413)

This governor was very experienced with budgets and with dealing with financial data and yet he did not feel he understood what was presented at Finance Sub-committee. What this governor was missing was not the skills to understand financial information but rather the context in which to place that information, what he refers to as the 'big picture'. I would argue that, without necessarily being aware of it, this governor is discussing financial literacy. This governor is struggling to sense-make rather than to understand financial information. He is struggling to form a relation between cues and frames in Weick's (1995) terms.

Governor 3 made the following comments when asked how he felt governors developed financial literacy:

'I suppose its common sense. I don't want to be patronising but I guess if you've run a budget from home you know about income and expenditure and they have got to be balanced and things like that. I am impressed that people go glazed eyed at the first couple of meetings but gradually they begin to understand what's going on and pick it up. And I'm not sure whether formal training would overcome that a) Because of the difficulty people already have
too much on their plate and, secondly, because it would be formal training but
it wouldn’t necessarily help them in doing the actual nuts and bolts stuff on the
shop floor.’ (Gov. 3, 407:424)

This governor again makes several interesting points. He believes that governors often
begin their term of office with some understanding of financial matters gained
through other opportunities and experiences. He also comments that he feels when
governors are first faced with financial information they do not understand it,
describing governors as going ‘glazed eyed’. Eventually though, as the governors
become more experienced, their understanding improves. Here I believe he is
describing the development of financial awareness. This governor uses the phrase
‘pick it up’. This phrase implies unambiguous problems that already exist, that is
those requiring individuals to be financially aware. Governor 3 then continues by
mentioning formal training, something he feels is problematic for two reasons. Firstly,
he feels governors are already heavily-committed and thus formal training represents
another drain on governors’ limited time. More interestingly though is the second
reason cited. This governor feels that training would not necessarily help governors
‘in doing the actual nuts and bolts stuff on the shop floor’. Unintentional though it is,
for me, this again is reference to the difference between financial awareness and
financial literacy. Training courses can teach individuals financial awareness but this
is not necessarily sufficient to allow individuals to sense-make and to be in a position
to construct problems rather than understand them.

These comments both describe what I believe are instances of governors’ sense-
making and yet how do they do this? How are governors in a position to sense-make?
What do they ‘draw’ on in order to sense-make?

8.4.2 The substance of governors’ sense-making

Section 8.3 above outlined what Weick (1995) described as the substance of sense-
making, that is what sense is made of. Weick (1995) identifies six vocabularies which
he believes provide both the frames and the cues of his sense-making model which
relates to sense-making in organisations. I do not intend to discuss the nature of
organisations. I am interested in vocabularies themselves rather than what does or
does not constitute an organisation. It to these vocabularies that attention is now turned. There is evidence presented to suggest that at least some of these vocabularies are relevant to the sense-making of governors.

The first of these relevant vocabularies is the vocabulary of ideology. For Weick (1995) these ideologies are filters that simplify what individuals perceive and help them to make sense of the world. This is something we have already seen to be operating for school governors. These governors were shown in Chapter 5 to share the belief that the schools they serve have a duty to provide a quality education for the pupils. This shared ideology in Weick’s (1995) terms binds governors together and helps them to make sense of their world. Governor 17 gives us an example of shared beliefs when she described the outcome of School A’s decision to become grant maintained.

“We stood together as a force against the outside world because we were being attacked by all sorts of people because they were angry because we were GM and as those governors have slowly disappeared it’s not the same but that is the same for anyone who has fought a corner and succeeded you’re sort of very close because of what you have been through.’ (Gov. 17, 285:295)

The governors who made the decision to become grant maintained shared emotionally charged beliefs. This would have provided them with a frame or cue on which to base their sense-making.

When governors do not share an ideology we have witnessed that sense can be made in very different ways. This was exemplified by Governor 13’s decision that grant maintained status was not a positive move for School A. (See Chapter 7, Sub-section, 7.2.4.) This governors’ political ideology was far more important in her sense-making of this problem. Her political ideology was one that was not necessarily shared or prioritised by other governors.

The second vocabulary I wish to explore is what Weick (1995) refers to as Third Order Controls, these being assumptions and definitions that are taken for granted. An
example of this is the way in which teachers’ salaries are taken to be a fixed cost by both head teachers and governors. Governor MH said in the preliminary interviews:

‘And a lot of budgets had to be trimmed....So we had to look long and hard at which teachers are going to be laid off. Now the last thing a governor wants to do is lay off teachers.’ (p. 6)

There is an assumption taken for granted by governors that teachers should be retained whatever the budget constraints. This assumption rests on the assumed causal relationship between the number of teachers and the quality of education provided for pupils - the more teachers there are the greater the quality of education provided. Governors are very reticent to reduce the number of teaching staff within school because they fear the negative impact this may have on the quality of education for pupils of the school. Teacher’s salaries are therefore assumed to be a fixed cost by governors. According to Weick (1995) assumptions such as this have an impact on governors’ sense-making. It is a frame they use and (possibly a cue) in order to make sense.

The final vocabulary I wish to explore is the Vocabularies of Stories. In my conversations with both governors and head teachers there were stories that pervaded conversations. Stories about the inequality of funding and about the relationship between the schools and the LEA for example. These were stories that were retold during meetings I attended and during the interviews I conducted. These stories impacted on the way in which governors constructed meaning and also the way in which I made sense of their experiences and of financial literacy.

At least three of the Vocabularies of Sense-making identified by Weick (1995) can be seen as operating as cues and frames in governors’ sense-making. This is clearly a brief look at the relevance of vocabularies to governors’ sense-making but it was included as an introduction to looking at how governors’ sense-make, something previously absent from this thesis. The role of language, or vocabularies, demonstrates some of the ways in which governors are sense-making. The use of these vocabularies by governors adds plausibility to the conceptualisation of financial literacy offered in Chapter 7. The vocabularies discussed here were used by governors
in order to sense-make and make decisions with financial consequences in order to achieve desired outcomes. There is much to be explored about the relationship of these vocabularies and financial literacy. Unfortunately, this again is beyond the remit of this thesis - a thesis aimed at conceptualising financial literacy. These vocabularies have been discussed here because they contribute towards establishing the plausibility of the conceptualisation of financial literacy offered in Chapter 7.

Section 8.4.3 which follows examines the role of the head teacher as that of sense-giver.

8.4.3 The impact of the head teacher on governors’ sense-making

The importance of the head teacher to the school, and to governors, cannot be overstated. The head teacher is responsible for all aspects of the day to day running of the school. This clearly involves a variety of responsibilities. It was noted in Chapter 5 that, whilst governors are responsible for the finances of the school, the head teacher, in conjunction with the bursar, manages the finances of the school on a day-to-day basis. Together the head teacher and the bursar provide governors, and in particular the Finance Sub-committee, with financial reports. The head teacher also supplies the governing body with any additional information s/he feels is appropriate or that they request. In one of the preliminary interviews a governor commented:

‘I would say in some ways the bursar, to take a sailing comparison, would say how much wind we have got, the Head would say where the rocks were in the water and so on but really I had to be the helmsman to a certain extent really. Because at the end of the day, the responsibility does lie with the governors.’

(MH, p.8)

I like this description of the roles of the bursar, head teacher and governors. The bursar informs governors about the financial resources available to the school. This is unambiguous and unequivocal information. The head teacher according to this description is there to point out the rocks. This is a very clear metaphor. Governors need to be aware of where the rocks are in order to make sense and make decisions with financial consequences in order to achieve desired outcomes - to extend the
metaphor – to be the helmsman. The head teacher helps governors overcome equivocality and ambiguity through his expertise.

The role of the head teacher was described by some governors as being comparable to that of a Chief Executive Officer heading a company board. Governors clearly spend far less time attending to school matters in comparison with the head teacher who is employed to do so full-time. Governors are, therefore, heavily reliant on the head teacher to aid their understanding and with their sense-making. The head teacher then can be portrayed as performing the role of leader. Thayer (1988:254) states that a leader is:

'\text{The leader is a sense-giver. The leader always embodies the possibilities of escape from what might otherwise appear to us to be incomprehensible, or from what might otherwise appear to us to be a chaotic, indifferent, or incorrigible world – one over which we have no ultimate control.}'

This, I think, is a description that usefully describes the role of the head teacher. Governors look to the head teacher for guidance where there is confusion.

As I began my fieldwork investigations I became very interested in the relationship between governors and the head teacher as it was clear in the early stages of the study that this relationship was important. I was aware that the views of the head teacher were sought, and relied upon, by governors. Since the model proposed in Chapter 1 was based on an information-processing role much of my early interest focussed on the way in which financial information could possibly be influenced by the head teacher. I had a question in my interview schedule asking whether governors ever felt that their reliance on the head teacher was problematic. I was concerned that, in schools where the head teacher was not performing his/her managerial task well, governors would be severely disadvantaged. There was no such inference intended in relation to the schools involved in this study. Interestingly this question was the one which was least well received by governors - so much so that, in the end, I dropped the question from the interviews altogether. The governors who were asked the question were clearly concerned about any unfavourable inferences the question may
imply regarding the integrity of the head teacher even though none was intended. The governors were very loyal to their head teachers and were reluctant to imply any difficulties resulting from this reliance. Some governors, however, did express concerns about the reliance of governors on the head teacher whilst discussing other issues. Governor 12 was one such governor who made the following comment:

‘Well starting with a fairly general comment, I mean all organisations, schools are no different, have to make choices about priorities. Erm my feeling is on the whole or the advice the governors get is probably sound advice but it’s very difficult for someone like myself to get a clear view about. I mean we form a view on what we are told. We don’t, that doesn’t necessarily mean we are told everything and given the right bigger picture. Clearly, as for any organisation, just as we do with our non-executives, we feed the information through to them and they make decisions on that basis. But that’s slightly different from saying are they are entirely clear about the bigger picture and are they entirely comfortable? It’s saying what we do as an organisation reflects our priorities. I think it does in overall terms but can’t be entirely sure. We rely on the head teacher to advise us accordingly.’ (Gov. 12, 298:323)

This comment raises several interesting points. By day this governor is a senior member of a public sector organisation who is required to advise non-executive directors. In his role as a school governor the positions are reversed. It is he who is required to make decisions relying on the advice of the head teacher who is employed full-time to manage the school. This is not something with which he always finds himself comfortable. His view of what governors do to some degree reflects the conceptualisation of financial literacy offered in Chapter 7. He describes the idea of there being a ‘big picture’. Decisions are made in the light of the ‘big picture’ (that is, in order to achieve desired objectives.) This governor is concerned that the advice he is given is partial. This phenomena is not a new one as Simon (1976) notes:

‘Each decision involves the selection of a goal, and a behaviour relevant to it; this goal may in turn be intermediate to a somewhat more distant goal; and so on, until a relatively final aim is reached. In so far as decisions lead toward the selection of final goals, they will be called ‘value judgments’, so far as they
involve the implementation of such goals they will be called ‘factual judgments’

‘Unfortunately, problems do not come to the administrator carefully wrapped in bundles with value elements and the factual elements neatly sorted. For one thing, goals or final objectives of governmental organization and activity are usually formulated in very general and ambiguous terms.’ p. 4/5

The role of the administrator in Simon’s quotation can be likened to the role of the head teacher. The comments of Governor 12 rest on an information-processing model where the head teacher is perceived as ‘holding back’ information. In describing his own role in providing the non-executives with information he questions his ability to do this and recognises that what is presented is presented recognising the overall objectives of the organisation. He is performing in the way Simon (1976) describes and yet is uncomfortable when he is the recipient of partial advice. His comments raise further questions about the interplay between plausibility and accuracy for governors. This governor is seeking accurate solutions, consistent with an information processing model, and what he is offered are plausible ones, consistent with a sense-making model.

In contrast to the conceptualisation offered in Chapter 7, this governor’s view is very much based on an information-processing model. This is highlighted by the comment about his own occupational experience. He states that ‘we feed the information’ through to the non-executive members of his organisation. There is no suggestion in these comments that the information he ‘feeds through’ has been constructed in any way. For this governor the information he presents reflects an objective reality. The phrase the ‘right bigger picture’ also reflects a positivist viewpoint. This governor’s comments imply that there is only one way of viewing problems facing the school and, furthermore, that the guardian of these ‘facts’ is the head teacher. This comment again raises the issue of whether governors are striving for accuracy or for plausibility. This governor’s comments imply he seeks accuracy, there is no inference that he is interested in plausibility.
Governor 12 does not always feel comfortable that all the facts he seeks are in his possession although he has difficulty articulating what he feels is missing. I would suggest that, on the basis of the conceptualisation offered, the lack of comfort expressed by this governor may stem from the ambiguous nature of the environment in which governors operate. Governors are required to operate in ambiguous and equivocal surroundings, as described by Thayer (1988), hence their need to sense-make when making decisions with financial consequences. In ambiguous situations governors, along with the head teacher, need to seek plausible solutions which are not necessarily accurate solutions - although there is little evidence to suggest that they are aware of this. The decision to become grant maintained is portrayed by governors as the solution to a problem which required governors to make a decision with financial consequences. At the time the decision was made there were alternative choices, even if the alternative had been to do nothing. There is little evidence to suggest governors recognise that they made one decision in preference to other alternatives.

Governor 17 made the following comment about the reliance of governors on the head teacher:

'I think the majority of governors understand it. I think some don’t. I think some actually sit there and think they should just agree with whatever the head says because he’s the professional and we should just let him get on with it.' (Gov. 17, 729:735)

If this comment does reflect the way in which some governors operate there is cause for concern. According to this comment some governors rely totally on the head teacher when making decisions with financial consequences. If this is so then it is unlikely that these governors are participating in a sense-making activity when it comes to making decisions with financial consequences. Financial literacy is not a concept that applies to the governors described by Governor 17. Another governor commented that he also had reservations about governors’ reliance on the head teacher:
'I have always felt that it is actually wrong that it is only the head who is a governor. I think if not one, then both, the two deputies should be. Ours have chosen not to be and I think it would be healthier, if you like, if more of the management team were governors themselves.'(Gov.1, 303:310)

This is an interesting point. This governor presumably feels that having the two deputies on the governing body would allow governors to have the benefit of an alternative viewpoint from someone within the school’s management team. This would be an interesting event to observe should it ever happen. At the time this fieldwork was undertaken governors were very reliant on the head teacher for financial reports and other information on which to base their sense-making.

When my supervisor and I made our preliminary visit to School B the head teacher there shared an experience with us. The head teacher at School B wanted a steriliser dishwasher for the school kitchens. This was a desirable item rather than a necessary item. He prepared some costings for the Finance Working Party to substantiate his request. A discussion followed the presentation of the figures. Subsequent to the discussion the Chair of the Finance Working Party concluded congenially that the dishwasher could be bought but that in future the head should be honest with the governors and admit that the request was not based on financial reasoning. This was a very personal account which the head teacher shared with us to demonstrate the strength of the working relationship between the governors and himself. It demonstrates also, however, that the head teacher does not have control over governors’ sense-making. Governors will use other frames and cues when making decisions.

This anecdote also raises the question of plausibility and accuracy in governors’ sense-making once again. I have no reason to believe that the figures presented by the head teacher to the governing body were inaccurate and yet, to the Chair it seems, they did not seem plausible. He sought, and found, an alternative way of making sense of the situation.

The head teacher then can be seen as having an important impact on governors’ sense-making. He provides governors with frames and cues on which to base their sense-
making so in this way he can be described as a ‘sense-giver’. The way in which governors respond to his sense-giving cannot always be predicted, however, as shown by the dishwasher anecdote. In the early stages of this study I shared the proposed model of financial literacy offered in Chapter 1 with the head teachers of Schools A and B, inviting any comments. The head teacher at School A responded thus:

‘Having read the paper, I wonder if there is another dimension to financial literacy that you might consider which is analogous to literacy proper model you employ. In literacy we don’t see the traffic of meaning all one way (i.e. our ability to extract meaning and understanding from language coming our way in the form of externally generated script and/or speech). I would maintain that it also has a dimension that requires us to be able to transmit meaning and understanding to others. In the context of financial literacy, this would mean being able to transmit financial information in a form that could be apprehended by other financially literate individuals. In practical terms, for the general public at least, this is perhaps a dimension which has less use but, for completeness, it might have a place in your conceptualisation.’ (Jan, 2001)

I was very pleased that this head teacher found time to offer such constructive comments. His comments are offered from his position of ‘sense-giver’. He is very aware that governors are reliant on him in order to make meaning and was therefore aware that the proposed model of financial literacy did not take account of this. At the time I received his comments I was unsure whether the final conceptualisation could do justice to them. I believe the conceptualisation offered in Chapter 7 does address the issues raised by the head teacher of School A. The discussion above highlights that governors are reliant on the head teacher in order to make sense. It also highlights the vocabularies that governors draw on in order to sense-make. The conceptualisation of financial literacy implicitly conveys sense-makers as authors and actors in the process.
8.5 Financial literacy - The role of cues and frames

The discussions that precede this section of Chapter 8 have been concerned with examining governors' sense-making generally. The focus of this study has, of course, been on financial literacy which was conceptualised in Chapter 7 as a sense-making process. The objective of this section of Chapter 8 is to examine the relationship between the conceptualisation of financial literacy offered in Chapter 7 and the model of meaning-making offered in Section 8.2 of this chapter. Figure 7.5 is reproduced here to aid this examination.

**Figure 7.5  A revised model of financial literacy viewed as a sense-making process**

![Figure 7.5](image)

The temporal dimension included in Figure 7.5 is also relevant to Figure 8.1. Frames, it is suggested in Figure 8.1, reside in the past whilst cues are portrayed as existing in the present. In order for the two figures to be consistent cues must form part of the informed decision-making shown in Figure 7.5 above. The decision is the cue for sense-making to occur. Perhaps Drucker's (1974) reference to the difference in emphasis on problem-solving between western culture and Japanese culture is relevant here:

"The Westerner and the Japanese man mean something different when they talk of 'making a decision'. In the West, all the emphasis is on the answer to the question. Indeed, our books on decision making try to develop systematic approaches to giving an answer. To the Japanese, however, the important element in decision making is defining the question. The important and crucial steps are to decide whether there is a need for a decision and what the decision
is about......Thus the whole process is focussed on finding out what the
decision is really about, not what the decision should be’ (pp. 466-467)

The description ‘informed decision-making’ in Figure 7.5 is itself best characterised
as a process. This process involves both the definition of the problem to be addressed
and the response to this problem. The role of cues, frames and leaders in the process
that is financial literacy is in need of further exploration. It would, however, seem that
the two models discussed in this section are consistent with each other.

8.6 Conclusion

This chapter is a very different chapter from that which was first envisaged. The
desired operationalisation of financial literacy was found to be beyond the remit of
this thesis. Attempts to distinguish between financial literacy and financial awareness
were not successful. The desire to operationalise financial literacy was rooted in a
desire to consider the plausibility of the conceptualisation of financial literacy offered
in Chapter 7. Chapter 8 has addressed this in a variety of ways.

Section 8.2 re-examined a decision with financial consequences. This was an activity
I had undertaken in my attempts to distinguish between financial literacy and financial
awareness. As a result of this activity (and others not documented) it became apparent
that there was overlap between these two concepts. This activity also raised questions
about the way in which governors sense-make: How were governors in a position to
sense-make? Why was this problem considered worthy of their attention? How did
certain issues come to be part of governors’ sense-making? Attention was turned
once again to sense-making – this time on the substance of sense-making.

Section 8.3 returned to the work of Weick(1995) to examine what individuals draw on
when they make sense. Weick(1995) argues that sense-making occurs when a relation
is made between a cue and a frame. These cues and frames, he argues, are ingrained
in language. He describes six vocabularies of sense-making relevant to organisations.
These are vocabularies that pervade the organisation and which members of the
organisation draw on when engaging in sense-making. At least three of these
vocabularies (ideology, third order and story) were seen to be relevant to the sense-
making of governors. It was argued that the use of these vocabularies by governors adds plausibility to the conceptualisation of financial literacy offered in Chapter 7. The vocabularies discussed here were used by governors in order to sense-make and make decisions with financial consequences in order to achieve desired outcomes. It was also noted that there is much to be explored about the relationship of these vocabularies and financial literacy.

The role of the head teacher as ‘sense-giver’ (Thayer (1988)) was then explored. Governors were portrayed as being very reliant on the head teacher in their sense-making activities. The relationship between accuracy and plausibility and financial literacy was also questioned in Sub-section 8.4.3. Governor 12 seemed concerned with accuracy. It was suggested that accuracy is consistent with financial awareness, whilst plausibility is consistent with financial literacy. The head teacher’s role was portrayed as providing governors with plausible solutions to equivocal and ambiguous problems in order for governors to engage in sense-making activities.

The remainder of Chapter 8 focussed on examining the role of cues and frames in the conceptualisation of financial literacy offered in Chapter 7. It was suggested that cues and frames were consistent with the conceptualisation. It was also noted, however, that the term ‘informed decision-making’ should refer to a process rather than an event. That is, informed decision-making should be as much about defining problems requiring a decision with financial consequences as it is about making that decision.

Chapter 9 which follows summarises the thesis and examines some of the choices made during this study. It also outlines the main outcomes of the study and makes recommendations for future work.
Chapter 9  
Financial literacy - A new era?

9.1  Introduction

This thesis represents the culmination of four years’ work and this chapter marks the end of the final phase of this study. It is with very mixed emotions that I write this chapter. Feelings of relief at finally being in the position to conclude this study are also accompanied by feelings of sadness. It has been a privilege to undertake this study and to have the opportunity to meet the people I have met during the course of the study.

The aim of this final chapter is to review the progress that has been made as a result of this study. This includes progress towards developing a conceptualisation of financial literacy which was, of course, the main focus of the study. The chapter also aims to examine the study and, with the benefit of hindsight, examine the choices made as the study progressed. The section that follows summarises the main elements of each of the chapters in this thesis.

9.2  Summary of thesis

Chapter 1 of this thesis was constructed what seems like a long time ago. At the beginning of this study it was naively envisaged that this study would possibly be concerned with examining firstly, individual’s financial literacy and secondly, with examining the assumptions made by compilers of financial information. Since there appeared to be so much interest in financial literacy an assumption was made by myself and my supervisor, Professor Wilson, that this study would build on previous work in the area of financial literacy. Chapter 1 outlines my examination of this literature. The main outcome of this review was the realisation that very little was actually known about financial literacy and the relationship between financial literacy and financial awareness. Crucially, there did not appear to be a conceptualisation of financial literacy. This realisation had a major impact on the way this study developed. This study became a quest to conceptualise financial literacy.
The remainder of Chapter 1 documents my search for literature on which to base a model of financial literacy. Literature on literacy and other uses of the word literacy were examined. A model of financial literacy as a meaning-making process was proposed as a result of these endeavours (Figure 1.2). This model underpinned the remainder of the study which aimed to establish the usefulness of the model in order to then offer a conceptualisation of financial literacy.

It was noted in Chapter 2 that I undertook this study from a social constructionist perspective. However, as I progressed through the study I realised that I had not escaped my more positivist roots. This was not helped by the reading I engaged in when trying to develop my understanding of ethnography. Here I realised were ethnographic practitioners from a variety of epistemological backgrounds. Their beliefs about epistemology affected the way in which they viewed ethnography but this was rarely made clear.

In the early days of this study financial literacy was associated with individuals’ ability to recognise the financial consequences of decisions. This view it is now argued has positivistic connotations. The implication behind this statement is that decisions have a pre-defined set of financial consequences. With the change in emphasis to financial literacy being viewed as a sense-making activity, it is now argued that the way in which problems are defined impacts on the financial consequences of those decisions.

In a similar way, when I first began to speak to school governors about their experiences in the preliminary interviews, one topic more than any other dominated these discussions: lack of financial resources. This was a message that I was too quick to hear. When governors described their frustration over lack of financial resources I empathised with them. Having recently become a school governor myself at a school also suffering as a result of such financial constraints I recognised the governors’ descriptions. It was only later in the study that I began to see these descriptions as reflecting these governors’ perceptions of their experience rather than as a reflection of an absolute reality. My positivist roots had determined my initial response to governors’ experiences. As the study developed so did my ability to question the data I had gathered. I became a reflexive researcher.
Chapter 3 describes the way in which a data gathering and fieldwork design was constructed. This was consistent with the ethnographic approach outlined in Chapter 2. I made several decisions which impacted on the research design during this phase of the study. Firstly, I chose schools as the setting for this study and, specifically, I chose to study school governors within this setting. School governors were chosen because, despite having responsibility for the school’s budget, there was no requirement for them to be financial experts. This, I felt, was beneficial. I wanted to examine individuals who made decisions with financial consequences, but who did not necessarily have financial expertise. I chose to conduct my fieldwork in two schools. Chapter 3 documents how the schools were chosen and how access was engineered. Four phases made up this stage of the study: the literature review, the pre-fieldwork phase, fieldwork and finally the interview phase. These phases aimed to gather a variety of data. This is, of course, consistent with an ethnographic approach. The aim of gathering this data was to explore the proposed model of financial literacy and to shed light on financial literacy.

Chapter 4 outlines how I made sense of the data gathered in this study. It was noted in Chapter 4 that this process, which includes the writing of the thesis, was the most challenging aspect of this study for me. This study became a study about sense-making. I tried to make sense of governors’ sense-making in order to make sense of financial literacy. Throughout the thesis I also attempted to aid the reader in his/her attempts to make sense of this thesis and the process it describes.

Consistent with Denzin (1998), four inter-related issues relevant to data were discussed: Sense-making, representation, legitimation and desire. The nature of sense-making was explored relying, in the main, on the work of Karl Weick (1995) whose work has been heavily influential in this study. Sense-making was shown to be something we all engage in daily. It was also characterised as a reflexive process. It was emphasised in this chapter that making sense of data involves the use of a variety of cerebral strategies which are to a large degree nebulous. Describing how sense is made of the data is very difficult. The importance of writing in the sense-making process was emphasised. I also stated in this chapter that traditional criteria such as validity and reliability were not suitable criteria on which to base this study’s claim
for authority. Instead, it was argued that the strength of this study’s claims for
authority rest on the way in which the study was conducted. The conceptualisation
offered in Chapter 7 is the result of what Richardson (1998) calls ‘crystallisation’. The
metaphor requires the researcher to examine the data as if looking through a crystal
which maximises the ways in which the data is explored. The result is a ‘deepened,
complex, thoroughly partial, understanding of the topic’ (Richardson (1998: 358).

Chapter 5 begins to explore the proposed model of financial literacy focusing
specifically on the desired outcomes of school governors. An assumption was made
here that governors’ desired outcomes result from the role they perform. The role of
governors was characterised as a complex one. Governors are accountable to parents,
the wider community, the LEA and the government. Schools are there to provide a
quality education for the pupils they serve and governors must help to ensure that this
happens. The way in which they best achieve this is not well understood, although it
is recommended that governors act strategically (Barber et al. (1995)). Chapter 5 also
examined governors’ responsibility for the school’s budget. In spite of both schools in
this study operating a sub-committee structures it was demonstrated that all governors
were involved in making decisions with financial consequences – not just those on the
Finance Sub-committee. This was an unexpected finding which had implications for
the conceptualisation of financial literacy.

Chapter 6 was concerned with examining another part of the proposed model of
financial literacy – making informed decision. This chapter explored some of the
assumptions which underpinned the proposed model and had hitherto been taken for
granted. In particular this study had been concerned with decisions with financial
consequences and yet this issue had not been explored up until this point. It was
argued that understanding the financial consequences of decisions is important
because resources are limited. Gaining the maximum advantage from those limited
resources relies on an understanding of those consequences.

Chapter 6 then explored school funding, arguing that financial resources for schools
are limited. The perception held by governors in this study was that resources were
severely limited and inequitably distributed. The perceived effect of this limited
funding was explored. Here, it was found that that the quality of education offered by
these schools seemed unaffected by lack of financial resources, but whether this could be maintained in the future was questionable. The nature of informed decisions was then explored. It was concluded that allocating and utilising limited financial resources was a complex task. This task was one that governors were encouraged to perform strategically. Consistent with Edwards et al. (2000), the link between the budget and strategy was found to be an elusive one, serving the purpose of external legitimacy. Governors were portrayed as being reactive to the environment in which they operate. Finally, the idea of schools operating as businesses (a model on which the delegation of funding was based) was explored and found to be imperfect mainly because of governors’ inability to significantly impact on the level of core funding.

Chapter 7 of this thesis represents the culmination of four years’ efforts. It draws together various pieces of evidence in order to present the conceptualisation of financial literacy. The conceptualisation rests on the assertion that financial literacy is relevant to changing and ambiguous environments. In such environments making informed decisions with financial consequences in order to achieve desired outcomes is complex. Evidence was presented to support the view that financial literacy should be viewed as a sense-making process. One of the characteristics of sense-making, according to Weick (1995), is that it is concerned with plausibility rather than accuracy. No evidence was found to support the view that this is something governors seek. Financial literacy is usually associated with getting things right. If the conceptualisation of financial literacy offered is to be accepted this will require a significant change in approach - hence the title of this chapter. Financial literacy was distinguished from other concepts such as financial awareness which, it was argued, are positivistic and do not reflect the social constructionist approach associated with this conceptualisation of financial literacy. It was noted in Chapter 7 that this conceptualisation is offered tentatively due to the exploratory nature of the study, but also optimistically.

Finally, Chapter 8 addresses the way in which governors sense-make. Originally, I had planned to attempt to operationalise financial literacy. This proved an overly optimistic aim. I discovered that I was unable to fully distinguish between financial awareness and financial literacy which meant operationalisation of either term was not possible. Following a re-examination of a decision with financial consequences
questions were raised about the way in which governors were able to sense-make. The chapter returned to re-examine the work of Weick (1995), examining what he refers to as the substance of sense-making. This section established the role of cues and frames in sense-making. Weick (1955) emphasised the role of language in sense-making and identified six vocabularies relevant to sense-making in organisations. At least three of these vocabularies were found to be present in the sense-making of the governors in this study. There is clearly a need to explore the role of these vocabularies in future work on financial literacy. The impact of the head teacher on governors' sense-making was also explored in this chapter. This impact was seen to be significant in his role as 'sense-giver' (Thayer (1988)). The impact of leaders as 'sense-givers’ on financial literacy was also identified as an area for future research focus. This chapter also examined the role of cues and frames in the conceptualisation of financial literacy and found the two models to be consistent. This discussion highlighted that the term ‘informed decision-making’ should be viewed as a process. This process includes the way in which the problem requiring a decision with financial consequences is defined as much as it involves making the decision itself.

Section 9.3 which follows explores the main contributions of this study.

9.3 Main contributions of the study

The main contribution of this study is the conceptualisation of financial literacy offered in Chapter 7. This was the overriding aim of this study and the aim was achieved. The conceptualisation offered in Chapter 7 represents a shift in thinking from the proposed model offered in Chapter 1. Acceptance of the conceptualisation requires a significant shift away from the way that financial literacy has previously been characterised. In the past financial literacy has been associated with understanding given problems. Here it is argued that financial literacy is about constructing problems. Rather than being concerned with equivocal and unambiguous environments I believe that financial literacy is relevant to changing and ambiguous environments. For this reason governors in this study were required to be sense-makers. Financial literacy is conceptualised in this study as focussing on feasibility rather than accuracy. This too is long way from where I started.
Another contribution this study has to offer is the assertion that there is a difference between financial literacy and other terms such as financial awareness and financial capability. Whilst there does appear to be overlap between these terms I believe that if we are to help individuals become more financially literate, or more financially aware, greater attention must be devoted to examining the relationship between these two terms. I hope this proves to be a legacy of this study.

If this conceptualisation is found to be useful then this study will mark a new era for financial literacy. I would like to believe that this thesis will make a significant contribution towards the arrival of a new era for financial literacy. Section 9.5 below suggests ways in which future work could build on this study.

Another contribution that I hope this study will make will be on the governors at Schools A and B. I will be preparing a report for them based on the findings of this study which I hope will be useful to them and go some way towards re-paying the enormous debt I owe to them.

The section that follows outlines the implications of some of the choices made during the development of this study.

9.4 Implications of the choices made whilst conducting the study

One of the most significant decisions made during the duration of this study was the decision to adopt an ethnographic approach. On a personal level this had implications since it was a research approach with which I was unfamiliar. This required me to exert considerable effort in order to become familiar with ethnography. One of the things that I find most frustrating is that I know so much more about ethnography now than I did at any other point in the study. I realise now that reading about ethnography is a learning process than can only be understood alongside the actual practice of ethnography. The researcher needs to experience the things s/he reads about for them to fully make sense. This should not come as a surprise given the very nature of this study, which has of course, been an adventure in sense-making. I feel far more
prepared to conduct this study now than I was four years ago! This phenomenon has been described by Grant and May (1999:559)

'The debates over writing and voice encourage students learning ethnography to reflect carefully on communicative and interpretive practices that are taken for granted in other forms of social research. Sometimes, it is only when they reach the point of writing that they understand ethnography in a fundamental way and realize that they are attempting to portray an interpretation, the processes that produced that interpretation, and something of themselves to an audience.'

My experience in undertaking this study using an ethnographic approach has been a very positive one for me. Whilst there were points in time where I questioned my choice, overall I feel it has been a beneficial experience upon which I will draw in the future.

Choosing an ethnographic approach also had implications for the study as a whole. The conceptualisation of financial literacy offered in this thesis owes its existence as much to the approach adopted as it does to the actual data that was gathered. The reflexive and iterative approach adopted was vital in developing the conceptualisation of financial literacy. Consistent with a social constructionist approach this required a mindset where I challenged myself to not accept what I was told as a fact but rather to remember that what was offered was an individual perception. Without such an approach this conceptualisation would never have been developed.

Another decision made at an early stage in the study was the decision to conduct the study in the setting of schools. This I feel was also a fortuitous decision. On a practical level the decision to study school governors was a very positive one. School governors were chosen for this study because, in spite of there being no formal requirement to have financial training, governors do have a statutory responsibility for the financial resources of the schools they serve. The governors who participated in this study had a variety of backgrounds. This variety included, but was not limited to their financial experience. For this reason the variety of experiences they shared with
me allowed me compare and contrast the comments they made. The data gathered provided diverse cues for my own sense-making.

On a very practical level the decision to study school governors was also a very positive one. School governors are volunteers (although one of the subjects in the preliminary interviews suggested this was not always the case). The governors who participated in this study provided their contribution to schools on a voluntary basis. Whilst I can only speculate I feel that this had an impact on their willingness to be involved in this study. These governors have already demonstrated a willingness to help and offer their services. I believe that this had a beneficial effect on governors' becoming involved in the study and in being prepared to allow me access to meetings and on a one-to-one basis.

Another choice made during this study was the choice of which two schools to try and gain access to. The reasons for choosing these two schools were outlined in Chapter 2. The reasons were very pragmatic. The original two schools were chosen firstly because they were close to my home and, secondly, because I had an association with the school that I thought would impact favorably on my chances of successfully gaining access. In one case this proved accurate. In the other case I was not allowed access due to changes the school was undergoing. The third school I approached was chosen as a result of a newspaper article in a local paper that described the severe financial pressure the school was under. I do not have any regrets about the schools I chose. In hindsight it could be argued that these schools are not representative since so few schools actually took the decision to become grant maintained. This decision was a decision with financial consequences and, therefore, schools that made this decision were immediately of interest to me. I will never know whether the same conceptualisation of financial literacy would have been developed if I had chosen different schools or even a different setting. The usefulness of the conceptualisation now needs to be examined in other settings.

This study has relied heavily on the work of Karl Weick and this may be seen as a potential weakness. I do not make any attempt to excuse this. Instead, I accept that there may be other significant work that has been excluded from this study. The
decision to focus on Weick (1995) was deliberate. I found his work interesting and very useful for making sense of:

- sense-making;
- the data gathered for this study;
- and of financial literacy.

Despite doing it every day of my life, I feel I am still a newcomer to the theme of sense-making. This study and the work of Weick in particular has fuelled my interest in sense-making. Without Weick's work this study would have been very different – it provided numerous sources of inspiration in my sense-making.

Section 9.5 which follows offers recommendations for further work following this study.

9.5 Recommendations for further work

This study was necessarily based on limited fieldwork. This is an unavoidable but important limitation of any study. It is vital, therefore, that further work is devoted towards examining the usefulness of the conceptualisation of financial literacy offered in Chapter 7. As Eder and Cosaro (1999:523) state:

'.....events should be contextualised through comparisons across historical time and across various levels of context (families, communities, societies, and cultures). While no single ethnography can be fully extended in this sense, long-term research projects can be developed with such comparisons in mind.'

According to Weick (1995), sense-making is concerned with plausibility rather than accuracy. Financial literacy is usually associated with individuals getting things right. There is an assumption with numbers that there is one version to be understood. The conceptualisation of financial literacy offered in Chapter 7 challenges this assumption. This is because it was argued that financial literacy is associated with problems that are ambiguous and equivocal. It is perhaps not surprising that there is no evidence presented about governors' efforts to look for plausible solutions rather
than accurate ones since this is a very different way of viewing financial literacy. This is an area in need of further research.

As noted in Chapter 8, this study made no attempt to operationalise financial literacy or indeed financial awareness. The issue of the relationship between financial literacy and financial awareness needs to be addressed in future work. Although it has been argued that financial literacy can be differentiated from financial awareness and therefore the two constructs are not synonymous there is clearly also some overlap between the two constructs. In the first instance both financial literacy and financial awareness are relevant to decisions with financial consequences. This has been argued extensively throughout this thesis. In order to possibly inform future work the following question is discussed: Is it necessary for a financially literate individual to be financially aware?

Intuitively the answer would seem to me to be yes. Logic suggests that sense-making is made easier if an individual is able to understand the financial information (which is socially constructed) pertinent to a decision with financial consequences. What that understanding consists of is less clear. One governor with 13 years of governor experience made the following interesting comment:

'Although I do understand how business works and I do understand about finance I'm not good at reading a balance sheet - I need that explaining even now. I hate columns of figures. But I understand what we are doing and why we're doing it and how we're doing it and I understand where the funds come from. I mean before we were GM, when we were GM, I understood all the different aspects of finance but that was because I was on the national committee representing 1200 hundred schools. I was Chairman of that for four years until this May so I was representing all the GM schools in the country so I know about that. I was also a board member of the funding agency for schools which gave us our money for 18 months and I know how the system works and I wouldn't have had that knowledge had I not been Chairman of governors and got onto this national committee. I was on it, well it's our eleventh year now so I've been on that since it started, so I've sort of grown
up with it as GM came and went. We didn’t have delegation before we went GM. It was before LMS in Derbyshire’. (Gov.17, 797:826)

This governor has extensive governor experience both within the governing body and also within national organisations. She readily admits that she does not always understand financial reports and yet she understands the environment in which she operates. She knows what governors do and why they are doing it. Despite using alternative terminology I would argue that this governor is describing sense-making. Here we are given some indications of factors that impact on her sense-making. These include her experience as a governor, her experience with dealing with finance and a clear view of the objectives she hopes to achieve.

Governor 17 stated that she struggled to understand a balance sheet and yet she felt she was fully equipped to make decisions with financial consequences. Her argument was that she knew what she was doing and why. To use the words of Governor 12, Governor 17 understood the ‘big picture’ and this allowed her to sense-make in order to make decisions with financial consequences. Her dislike of columns of figures did not seem to impact on her sense-making. In the same quotation Governor 17 goes on to describe her experience with managing large sums of money in her other roles. She clearly feels she has some financial awareness worthy of note. Does her lack of ease with balance sheets impact on her financial literacy? Currently there is no way of knowing.

In a similar way Governor 15 also claimed to not understand the budget of the school and therefore it could be argued she lacked awareness. Again though comments made by this governor later in the interview suggested that she was not having difficulty in sense-making. This governor was well aware of the ‘big picture’ and was heavily involved in activities designed to raise additional income for the school.

In the early stages of this study I was interested in the financial skills of governors. During the course of the one-to-one interviews I asked governors what skills they felt governors needed in order to fulfil their responsibilities for the finances of the school. Whilst the emphasis of the study has changed, the responses to this question remain
interesting. Perhaps unsurprisingly some governors felt numeracy was an important skill. Governor 5 responded in the following way:

‘I think they need some numerate skills. They don’t need accountancy skills, general numeracy skills will be sufficient and even then I’m not talking about advanced algebra or calculus, it’s just basic arithmetic really. You don’t tend to have any unknowns in the equations, it’s all fairly well laid out.’

(Gov. 5, 697:705)

This governor has taken a very narrow interpretation of the question asked. At the time I asked the question I was very unclear about the answers I might elicit. In common with many of the questions in the interview schedule, the aim of the question was to explore a topic rather than anticipate a particular response. This governor has equated responsibility for the finances of the school with responsibility for the budget. For this governor there is no ambiguity in the environment in which governors operate. Other governors responded in a similar way to Governor 5. Governor 7 agreed there was no need for governors to have a detailed knowledge of finance:

‘I think a general grasp of, not of detailed finance because for that we rely on the finance officer, but watchfulness I suppose. There can be mistakes and misadministration anywhere.’ (Gov. 7, 341:346)

This governor too believes that governors do not require complex skills in order to fulfil their financial responsibility. He notes that governors are reliant on a finance officer (bursar) and he believes that governors do not require more than a general grasp of finance in order to meet their responsibilities. Governor 8 commented that he felt governors needed the following skills:

‘Well I think you need a basic understanding of accounting, of the notion of profit and loss......I think there is this notion, the accruals notion. I think you need to get to grips with and I think the notion of budgets and variances to budgets. I think we need to understand that and what that means. Some people I suspect don’t fully get to grips with that. And then there are issues to do, there are issues to do with income, where the income’s coming from in terms
of grants and other sources and things like that. I think those are the key issues.’ (Gov. 8, 206:231)

Governor 8 believes that governors require more skills than simple numeracy. He believes that governors should usefully develop accounting skills, in particular an understanding of accruals, budgets and budget variances and finally an understanding of the school’s income. Interestingly, this governor distinguishes between an understanding of the budget and understanding the meaning of the budget. Governors 5, 7 and 8 describe skills required by governors in terms I would argue are closely associated with financial awareness (that is, skills that enable governors to understand financial reports.) Perhaps not surprisingly no explicit reference is made to sense-making.

One staff governor made the following comment when asked about the skills required by governors in order to fulfil governors’ responsibility for the finances of the school:

‘I think that particularly as far as facilities are concerned they need to spend more time on the site. I think they need to find out from the people who work here what they feel the needs are and I don’t think there is enough communication between governors and staff.’ (Gov. 11, 213:220)

The skills this governor articulates are very different to those already discussed. This governor feels governors and staff do not communicate well and, as a result, governors do not understand the needs of staff. Governor 11 believes the way governors construct problems to be addressed is affected by a lack of consideration of the needs of staff. I would argue that she is concerned that governors’ sense-making is affected by this lack of communication.

Governor 2 describes a number of skills he believed governors require in order to fulfil their responsibilities for the finances of the school. In the first instance he mentions governors being able to analyse and interpret a series of numbers. He then expands on this and discusses issues such as assigning meaning to the numbers for the future and the ability to balance priorities.
'Well clearly they should be able to make reasonable assessments on a series of numbers. You know to be able to conduct some sort of analysis and interpretation because being presented with the numbers you've then got to say what are the numbers actually telling me? And ask some sort of relatively intelligent or detailed questions rather than not just on the numbers as they are presented but what this means for the future. So quality-wise some sort of ability to interpret, to analyse. In terms of skills it's probably, it's not really a numeric skill but it's a skill which enables you to balance priorities. So back on the financing sides it's making decisions with limited funds. So it's being able to take a realistic and pragmatic approach to a set of problems with limited funds available to sort those problems. But you need to be able to articulate that and communicate that within the group so you need to be able to discuss and argue for what you believe should be done. An example was the rebuild of the recent building, you know how it should be designed and how it should look and there were different options and different costs. So you know you need to be able to make a judgement about what represents value for money and will bring the best benefit to pupils and have some, hopefully some, benefit for the school and pupils today and for the future. So it's being able to communicate, being able to analyse and being able to decide in the area of limited funding what other qualities will they bring. That's probably, I mean there are certain specialist areas if you call it a specialist. There is a tax advantage or whatever but generally people don't have that sort of skill and so the skill is being able to work as part of a team and come to a clear decision and give directions for the head. So to some extent its also being very supportive of one another and the management of the school.'

(Gov.2, 521:575)

Governor 2 raises a number of 'skills' he believes are relevant to governors wishing to fulfil their responsibility for the finances of the school. He believes governors should be able to:

- Make reasonable assessments on a series of numbers
- Analyse and interpret numbers
• Ask relatively intelligent questions
• Assess what the figures mean for the future
• Balance priorities
• Be realistic and pragmatic
• Articulate and communicate beliefs to other governors
• Make judgements about what represents good value for money and will bring the best benefit to the pupils
• Work as part of a team
• Make decisions in order to provide direction for the head
• Be supportive of other governors

The views of this governor are very different to those of Governors 5, 7 and 8. He offers an extensive list of qualities he felt desirable for governors to develop in order for governors to fulfil their responsibilities for the finances of the school. Some of these skills or qualities appear to go beyond the narrow view of governors being able to understand financial reports and thus be financially aware. The final comment I wish to include in this discussion is one made by Governor 1. I found his comments were generally amongst some of the most interesting comments and this comment is one of my favourites. Again, in response to the question asking governors what skills did they think governors needed in order to fulfil their responsibilities for the finances of the school, Governor 1 replied:

‘I mean what you are there for I think is probably best expressed as ensuring good governance. So the real skill is about listening, questioning, just making sure that things make sense. And then offering your own expertise if you have it whether that’s in personnel, finance, building, so being prepared to contribute that. I don’t know how you quite phrase the skill. It’s knowing that it’s the senior management team who run the school and you are there to support, challenge, help, but not to do the work for them or to, if you like, rewrite their policies. You are there by and large to give approval except on those issues where you see issues and there is genuine debate.’

(Gov. 1, 276:294)
This comment is very different from the comments included earlier in this sub-
section. This governor makes no mention of numeracy or accounting skills. Instead he
believes governors should be concerned with ensuring 'that things make sense'.
Without doing so explicitly I believe that this governor's comments reflect one of the
key elements of financial literacy stressed in Chapter 7, this being that financial
literacy should be viewed as a sense-making process. When discussing the governors'
responsibility for the finances of the school this governor has made no mention of
tasks such as managing the school budget: instead he is concerned with 'good
governance'. He is concerned with the 'big picture' and sees managing the finances of
the school as part of the overall objective of ensuring 'good governance'. This view is
one that is of course sympathetic to the conceptualisation offered in Chapter 7.

The initial prompt for this discussion stemmed from a wish to address the question: Is
it necessary for a financially literate individual to be financially aware? Since neither
of these constructs has been operationalised in this thesis the answer to the question is
not offered. Hopefully, however, the discussion has shown that the answer to this
question when it is addressed in the future will not prove to be straightforward.
Different governors emphasise the importance of different skills and qualities to
ensure governors fulfil their responsibilities for the finances of the school. The
relationship between these skills and qualities and financial literacy and financial
awareness is unclear. Which skills and qualities are necessary for individuals to be
able to sense-make and construct problems in order to make decisions with financial
consequences in order to achieve desired objectives is also unclear at this stage.

The way in which governors made sense of decisions requiring financial
consequences was briefly examined in Chapter 8. Here, it was argued that this is also
an important issue that needs to be examined in future studies. The relevance of the
Vocabularies suggested by Weick (1995) needs to be explored in greater detail. Are
there other Vocabularies relevant to the sense-making that is financial literacy?

9.6 Conclusion

This has been a very personal journey which I hope has been reflected in the thesis. It
has been an important learning experience in many ways. In the early stages of this
process I participated in training for postgraduate students. During one of these sessions the presenter commented that completing a Phd was a gruelling task and that nobody ever does two! This comment stayed with me throughout my studies and having completed this thesis the comment makes sense to me. Whilst there have certainly been frustrating and demoralising days along the way overall I have found the experience a very beneficial one. This does not however mean I would contemplate attempting another Phd! Completing a study such as this requires a high level of determination, willpower, energy, optimism and dedication from the researcher. It is an intense and often solitary activity. There are days when I would have been happy to give up the whole study and yet I didn’t. One of the main contributory factors towards maintaining momentum and completing the study was that I did actually want to develop a conceptualisation of financial literacy. The outcome of this study mattered to me because I was interested in what a potential conceptualisation of financial literacy would look like.

I have learnt much about myself over the last four years –what motivates me and what hinders my progress. I have learnt much about the research process. In particular I have benefited from the actual process of writing this thesis. Whilst I was already aware of the importance of writing in conveying a message I was unaware how important writing is in the construction and development of that message. The act of writing has, at the very least, enabled me to sense-make, to make progress when all seemed bleak, to share the research process and the findings. I hope to build on this experience in the future.

Another personal benefit of undertaking this study is that I have certainly become more comfortable with my own research perspective. Prior to this study I believed I approached my research from a social constructionist perspective and yet I was not confident enough to abandon more positivistic notions. I feel this study has enabled me to achieve this. I also feel that my experience of reflexive ethnography has been very beneficial. I enjoyed adopting an ethnographic approach and would welcome the opportunity to build on this experience.

The title of this chapter is an optimistic one. I very much hope that this thesis does mark a new era for financial literacy. I also hope it sparks the same level of
enthusiasm for learning more about financial literacy as a sense-making process in others as it has in me.
Bibliography:


Office for Standards in Education and The Audit Commission (2000a): *Keeping Your*


Schuman, P.G. (1991): Introduction in Jana Varlejs (Ed), *Information Literacy: Learning How to learn*, Proceedings of the Twenty-eighth Annual Symposium of the Graduate Alumni and Faculty of the Ritgers School of Communication,


(e) What impact has the October 1987 Stock Market collapse (crash) had on you in terms of investment decisions [more than one box may be ticked]:

(i) It has not affected me

(ii) I now consider it too risky to invest in new shares

(iii) In consequence of the crash, I sold shares

(iv) In consequence of the crash, I will sell shares sooner than I originally planned to

(v) In consequence of the crash, I will hold onto my shares longer than I originally planned to

(vi) In consequence of the crash, I bought shares

(vii) Some other impact (please specify)


(f) What is the value of the shares you currently own, compared to all your other savings and investments, excluding the home you live in:

Very Small  Small  About half  Large  Very large

Please tick only one box

5. FINANCE QUIZ

SECTION A

Please indicate whether you agree or disagree with the following statements by ticking ONE BOX ONLY per statement.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree</th>
<th>Disagree</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) the net profit after taxation that a company earns in a year is equal to the cash surplus for that year.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) the shareholders' funds of a company are shown in the balance sheet of its annual accounts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii) company accounts are normally prepared on an historical cost basis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iv) a statement of source and application of funds is not included in the annual report and financial statements of a quoted company</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(v) a balance sheet in a company's accounts is a statement of what the enterprise owns and owes at a point in time</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vi) assets are the things owned by a business to generate future income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vii) depreciation is an annual deduction from profits which is meant to measure the loss of value arising from the use of fixed assets.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION B

The following questions are multi-choice, where you are asked to pick one correct answer from four possible answers. Only one answer is correct. Please tick one box for each question next to the answer which you think is correct, or if you don't know the answer tick that box.

(viii) If a company has a cash surplus at the end of the year, it would be shown in the annual accounts:

(a) under current liabilities
(b) under owner's equity
(c) under current assets
(d) under fixed assets
(e) don't know

(ix) If a firm's sales for the year total £40,000, and the cost of goods sold was £20,000, while other expenses amounted to £10,000, then the net profit for the year is:

(a) £10,000
(b) £20,000
(c) £30,000
(d) £40,000
(e) don't know

(x) Return on total investments and return on shareholders funds are two useful measures of:

(a) solvency
(b) profitability
(c) liquidity
(d) a company's cost of borrowing
(e) don't know

(xi) The price earnings ratio of a company shows:

(a) annual company sales divided by price of products
(b) company sales minus company expenses
(c) net profit as a percentage of sales
(d) the number of years earnings represented by the share price
(e) don't know

(xii) Gilt edged stock is:

(a) government stock
(b) stock in gold mines
(c) stock which is worthless
(d) foreign stock
(e) don't know

(xiii) Blue chips are:

(a) investments in government securities
(b) debentures and loan stock
(c) the ordinary shares of leading companies
(d) the founders' shares of a company
(e) don't know
Appendix B

Marriott and Mellet (1991)  Finance Quiz
(16) IF NO, WOULD YOU FIND A COMPUTER USEFUL FOR ANY OF THE FOLLOWING?

- Word Processing
- Spreadsheets
- Databases
- Other, (please specify)

E FINANCE QUIZ

Please indicate whether you agree or disagree with the following statements by ticking ONE BOX ONLY per statement.

(17) Company accounts are normally prepared on an historical cost basis

Agree □ Disagree □ Don't know □

(18) A balance sheet in a company's accounts is a statement of what the enterprise owns and owes at a point in time

Agree □ Disagree □ Don't know □

(19) Fixed assets are the things owned by an organisation to generate future income

Agree □ Disagree □ Don't know □

(20) Depreciation is an annual charge which is meant to measure the loss of value arising from the use of fixed assets

Agree □ Disagree □ Don't know □
The following questions are multi-choice, where you are asked to pick one correct answer from four possible answers. Only one answer is correct. Please tick one box for each question next to the answer which you think is correct, or if you don't know the answer tick that box.

(21) If the Authority has a cash surplus at the end of the year it would be:
(a) shown under current liabilities
(b) taken back by the government
(c) shown under current assets
(d) shown under fixed assets
(e) don't know

(22) If the catering managers sales for the year total £40,000, and the cost of provisions was £15,000, depreciation changes were £5,000 and other catering expenses amounted to £8,000, then the net profit for the year is:
(a) Nil
(b) £12,000
(c) £17,000
(d) £25,000
(e) £40,000
(f) don't know

(23) A budget is:
(a) the least you plan to spend in a period
(b) the most you plan to spend in a period
(c) the amount you plan to spend in a period
(d) the amount you would like to spend in a period
(e) don't know
<table>
<thead>
<tr>
<th>(24) The financial information contained in the Authority's annual reports and accounts is too complicated to be of any use to me</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Undecided</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>(25) The authority should provide employees with more financial information about its performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(26) The authority should publish financial information about itself to employees in a more simplified form</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(27) The financial information contained in the Unit's budget reports is too complicated to be of any use to me</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(28) The financial information contained in the Unit's budget reports is too outdated to be of any use to me</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(29) The authority should provide employees with more non-financial information about its performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(30) The unit should publish budgetary information about itself to employees in a more simplified form</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(31) It is important to me that I understand the financial/accounting information which relates to the performance of the Health Authority</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(32) It is important to me that I understand the financial/accounting information which relates to the performance of the Unit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(33) I want my Unit to be a highly successful and efficient organisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(34) I am more interested in financial/accounting information relating to the department that I work in, rather than to the Unit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(35) The NHS should provide more financial training/education to enable employees to better understand the financial/accounting information they publish. 

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Undecided</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
</table>

(36) The reason why I most want my Unit to be a highly successful and efficient organisation is because:

(a) I want it to give the best service to patients

(b) I want my job to be secure

(c) I want it to be better than other units in the Authority

(d) An inefficient unit wastes public money

(e) Other, please specify ..................................................................................................................
Appendix C

Governing Body Decision Planner
## GOVERNING BODY DECISION PLANNER

### Key
- **Level 1:** Decisions made by GB.
- **Level 2:** Decisions made by GB with advice from head.
- **Level 3:** Decisions delegated to head.
- **Level 4:** Decisions made by head.

#### Column blocked off:
- Function cannot legally be carried out at this level.

#### Tick:
- Recommended level(s) or where law assigns specific responsibility.

#### Blank:
- Action could be carried out at this level if governing body so decide, but is not generally recommended.

#### Asterisk:
- Functions which the whole governing body must consider.

### Action Sheet

<table>
<thead>
<tr>
<th>Key Function No</th>
<th>Tasks</th>
<th>Decision Level</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>School Budgets</strong></td>
<td>[Tasks listed]</td>
<td><img src="LEVEL" alt="Decision Level" /></td>
</tr>
<tr>
<td><strong>Staffing</strong></td>
<td>[Tasks listed]</td>
<td><img src="LEVEL" alt="Decision Level" /></td>
</tr>
<tr>
<td><strong>Curriculum</strong></td>
<td>[Tasks listed]</td>
<td><img src="LEVEL" alt="Decision Level" /></td>
</tr>
<tr>
<td>Key Function</td>
<td>No</td>
<td>Tasks</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>----</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>To agree or reject and review curriculum policy</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Responsible for standards of teaching</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>To decide which subject options should be taught</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>having regard to resources, and implement provision for flexibility in the curriculum (including activities outside school day)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsibility for individual child's education</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Provision of sex education-make and keep up to date a written policy</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>To prohibit political indoctrination and ensuring the balanced treatment of political issues*</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>To draw up a charging and remissions policy for activities (non NC based) in consultation with the LEA*</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>To establish a performance management policy</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>To implement the performance management policy</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>To review annually the performance management policy</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>To set and publish targets for pupil achievement*</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>To decide a discipline policy*</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>To exclude a pupil for one or more fixed terms (not exceeding 15 days in total in a year) or permanently</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Exclusion: application decisions (but in community &amp; controlled schools only where the LEA has delegated this power to the governing body)*</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>To consult annually before setting an admissions policy (VA and foundation schools)*</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>To set an admissions policy (special schools where pupils do not have a statement) acting with LEA*</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>To set an admissions policy (special schools where pupils have statements) for LEA after consultation with the governing body*</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>Admissions: application decisions (but in community &amp; controlled schools only where the LEA has delegated this power to the governing body)</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>Admissions: application decisions (VA, foundation &amp; special schools)*</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>To appeal against LEA directions to admit pupil(s) (VA, foundation and special schools; also community and VC schools where LEA is the admissions authority)</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>Key Function</td>
<td>No</td>
<td>Tasks</td>
</tr>
<tr>
<td>-----------------------</td>
<td>----</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Religious Education</strong></td>
<td></td>
<td><strong>Responsibility for ensuring provision of RE in line with school's basic curriculum (all schools)</strong></td>
</tr>
<tr>
<td></td>
<td>49</td>
<td><strong>Decision to revert to previous RE syllabus (former GM schools except VA of religious character)</strong></td>
</tr>
<tr>
<td></td>
<td>50</td>
<td><strong>Decision to provide RE according to trust deed / specified denomination in VA schools with religious character (foundation &amp; VC schools of religious character at request of parents)</strong></td>
</tr>
<tr>
<td></td>
<td>51</td>
<td><strong>Decision to provide RE in line with locally agreed syllabus (VA schools - only if parents request it. All other schools not covered in 51 above)</strong></td>
</tr>
<tr>
<td></td>
<td>52</td>
<td><strong>Decision to provide RE in line with curriculum (611 schools)</strong></td>
</tr>
<tr>
<td></td>
<td>53</td>
<td><strong>In all maintained schools the LEA and head teacher shall ensure that all pupils take part in a daily act of collective worship</strong></td>
</tr>
<tr>
<td></td>
<td>54</td>
<td><strong>To make application to the advisory councils, SACRE, concerning the requirements for collective worship (schools without a religious character) to disapply. Head must consult GB</strong></td>
</tr>
<tr>
<td></td>
<td>55</td>
<td><strong>Arrangements for collective worship (schools without a religious character). Head teacher must consult GB</strong></td>
</tr>
<tr>
<td></td>
<td>56</td>
<td><strong>Arrangements for collective worship (foundation schools of religious character, VC or VA schools)</strong></td>
</tr>
<tr>
<td></td>
<td>57</td>
<td><strong>Buildings, insurance, GB to seek advice from LEA, diocesan trustees, where appropriate</strong></td>
</tr>
<tr>
<td></td>
<td>58</td>
<td><strong>Strategy (including budgeting for repairs etc.) and Asset Management Plans</strong></td>
</tr>
<tr>
<td></td>
<td>59</td>
<td><strong>To ensure health and safety issues are met</strong></td>
</tr>
<tr>
<td></td>
<td>60</td>
<td><strong>To set a charging and remissions policy</strong></td>
</tr>
<tr>
<td><strong>School Organisation</strong></td>
<td></td>
<td><strong>To publish proposals to change category of school</strong></td>
</tr>
<tr>
<td></td>
<td>61</td>
<td><strong>To draft a school Action Plan following OFSTED inspection and distribute copies to parents</strong></td>
</tr>
<tr>
<td></td>
<td>62</td>
<td><strong>To publish proposals to change category of school</strong></td>
</tr>
<tr>
<td></td>
<td>63</td>
<td><strong>To publish proposals to change category of school</strong></td>
</tr>
<tr>
<td></td>
<td>64</td>
<td><strong>To draft a school Action Plan following OFSTED inspection and distribute copies to parents</strong></td>
</tr>
<tr>
<td></td>
<td>65</td>
<td><strong>To set the times of school sessions and the dates of holidays, except in community and VC schools where it is the LEA</strong></td>
</tr>
<tr>
<td><strong>Information for Parents</strong></td>
<td></td>
<td><strong>To hold an Annual Parents Meeting</strong></td>
</tr>
<tr>
<td></td>
<td>66</td>
<td><strong>To publish proposals to change category of school</strong></td>
</tr>
<tr>
<td></td>
<td>67</td>
<td><strong>To approve and distribute the Annual Parents’ Report</strong></td>
</tr>
<tr>
<td></td>
<td>68</td>
<td><strong>To provide information to be published by governing bodies (in so far as approval of the school prospectus)</strong></td>
</tr>
<tr>
<td>Key Function No</td>
<td>Tasks</td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>69</td>
<td>To ensure provision of free school meals to those pupils meeting criteria</td>
<td></td>
</tr>
<tr>
<td>70</td>
<td>Adoption and review of home-school agreements</td>
<td></td>
</tr>
<tr>
<td>71 GB Procedures</td>
<td>To appoint (and remove) the chair and vice-chair of a permanent or a temporary governing body*</td>
<td></td>
</tr>
<tr>
<td>72</td>
<td>To appoint and dismiss the clerk to the governors</td>
<td></td>
</tr>
<tr>
<td>73</td>
<td>To hold a governing body meeting once a term, or a meeting of the temporary governing body as often as occasion may require</td>
<td></td>
</tr>
<tr>
<td>74</td>
<td>To appoint and remove co-opted, including temporary additional co-opted, governors*</td>
<td></td>
</tr>
<tr>
<td>75</td>
<td>To set up a Register of Governors' Business Interests</td>
<td></td>
</tr>
<tr>
<td>76</td>
<td>To approve and set up an Expenses scheme</td>
<td></td>
</tr>
<tr>
<td>77</td>
<td>To discharge duties in respect of pupils with special needs by appointing a &quot;responsible person&quot; in Community Voluntary and Foundation schools</td>
<td></td>
</tr>
<tr>
<td>78</td>
<td>To consider whether or not to exercise delegation of functions to individuals or committees*</td>
<td></td>
</tr>
<tr>
<td>79</td>
<td>To regulate the GB's procedures (where necessary)</td>
<td></td>
</tr>
<tr>
<td>80</td>
<td>To review at least once a year the establishment, terms of reference and membership of committees, including selection panels*</td>
<td></td>
</tr>
<tr>
<td>81</td>
<td>To consider and take a decision on whether or not to delegate functions to an EAZ Forum*</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Decision Level</th>
<th>LEVEL</th>
<th>LEVEL</th>
<th>LEVEL</th>
<th>LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>69</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>70</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>71 GB Procedures</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>72</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>73</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>74</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>75</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>76</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>77</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>78</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>79</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>80</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>81</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix D

Letter to the headteacher of School A asking for 'research based dialogue'
Dear

Collaborative Research on Financial Literacy

As you will be aware, financial literacy (or the lack of it) has become a governmental priority which has been reflected in the decision to include financial literacy within the national curriculum. A review of relevant research literature indicates that the notion of financial literacy is, in fact, very poorly understood with little being known about how people attempt to make sense of financial information in order to make decisions which have financial consequences.

Financial literacy is one of a number of research interests which I am currently pursuing, and this is being carried out in association with Mrs Carolynne Mason who is working towards a PhD under my supervision.

In the context of this study financial literacy has been defined as:

an individual’s ability to obtain, understand and evaluate the relevant information necessary to make decisions with financial consequences.

Whilst the government’s concern focuses on the financial literacy of individuals in their everyday lives (e.g. in connection with choosing appropriate pension schemes), our study focuses on the organisational context of financial literacy. In other words, what effect does an individual’s level of financial literacy have on the well-being of the organisation as a whole?

We are particularly interested in carrying out empirical work which deals with financial literacy in the specific setting of the governing bodies of secondary schools. Given the recent decision of your school’s governing body to ask parents to contribute £5 per term towards their children’s learning resources, we would welcome an opportunity to discuss with you the scope for developing a research-based dialogue with both yourself and the governors of your school.

Continued....
As the next step towards establishing a dialogue I hope you will not consider it intrusive if Mrs Mason telephones you in a few days' time to see if she and I might visit you at the School in order to discuss aspects of the work in which we are engaged.

With good wishes.

Sincerely,

Richard M S Wilson
Professor of Business Administration & Financial Management
Appendix E

Document presented to governing bodies by the headteacher outlining the study
A Study of Financial Literacy – An Introduction

Carolynne Mason – Loughborough University Business School

6 March 2000

Thank you very much for agreeing to let me study the governing body of your School.

The following paragraphs aim to give you an insight into the aim of this study of financial literacy, the approach and what this means for you as participants. Please note that confidentiality and anonymity are assured.

1. Aim of the study:

The project is sponsored by the Accounting Education Research Centre (which is chaired by Professor Richard Wilson). It aims to examine the way in which school governors make sense of information in reaching decisions with financial consequences.

This involves:

(i) Learning about financial literacy within this context.

(ii) Examining whether a basic level of financial understanding (i.e. financial literacy) is required in order to function effectively as a school governor.

(iii) Examining the way in which governors on the finance sub-committee use financial information and whether this varies from the ways in which other governors use financial information.
Investigating whether it is possible to identify factors that increase individuals' financial literacy or, alternatively, factors which hinder it

I would like to take this opportunity to emphasise that the study in no way attempts to categorise governors as 'good' or 'bad', or evaluate the performance of individual governors. It is recognised that some governors will be more financially literate than others and that this in itself is not problematic. Each governor brings along a range of skills and abilities that suits each to different roles.

2. Why financial literacy?

a) It is a topic subject to much enquiry by various interested parties (e.g. Financial Services Authority; Financial Literacy Centre, Warwick University).

b) There is a general feeling that people are not financially literate enough, but what does it actually mean to be financially literate enough?

c) Much prior research concentrates on financial awareness, which usually equates to an individual's ability to define certain financial terms such as depreciation. This approach tells us nothing about the individual's effectiveness in using financial information.

This study is concerned with financial literacy which can be defined as:

An individual's ability to obtain, understand and evaluate the information necessary to make decisions which have financial consequences.

The emphasis is on context and functionality. i.e. What do people need to know in order to play their roles properly?
3. Why school governors?

School governing bodies in the UK are responsible for the expenditure of more than £10 billion a year.

Yet:

- School governors are volunteers who may not have had any financial training.

- There is an inherent contradiction in the way in which schools operate in that their effectiveness is measured in terms of pupils' success on predetermined tests and yet headteachers/governors do not have control over the level of resourcing available to the school in order to achieve such objectives.

- Schools operate in an environment that is increasingly market-driven yet schools can never engage in direct competition in the ways in which companies can be. This has implications for revenue generation.

- Within a board of governors there is likely to be a mixture of individuals some of whom are likely to be financially literate and some who are not. This project will enable us to learn more about financial literacy. For example, why are some governors financially literate and others not? What are the implications of this? How does this reconcile with the requirement that decisions are made corporately? How do boards of governors ensure they have at least some governors who are financially literate?

- A large proportion of a school's budget is devoted to staff pay. This leaves very little money in the pot for discretionary spending.

- Schools do not receive uniform funding in terms of amount per pupil and yet all pupils are required to be taught the national curriculum to the same standard.
4. What does participation involve?

The approach to data collection uses a number of sources of information and also involves the researcher becoming an observer of a particular group. One of the implications of this for those involved is that demands on their time are kept to a minimum.

The usual guarantees regarding confidentiality and anonymity are assured.

Specifically, there are three main strands to data gathering:

a) Interviews with the Headteacher and participating governors.

- Why? In order to ask members of the governing body about their individual experiences as school governors. (e.g. What factors have enabled them to be financially literate? What factors may have hindered their ability to become financially literate?)

- The length of these interviews will depend on how much the individuals had to say on the topic of financial literacy! It is likely they will range from half an hour up to two hours.

b) Attendance at some governors’ meetings (in particular, those where the full board meet, and those of the finance sub-committee).

c) The final strand involves studying documents such as those from the LEA and minutes from previous governors’ meetings.

- Why? It is hoped these strategies will allow me to become familiar with the kinds of financial issues that are relevant to school governors. In particular, what kind of decisions with financial consequences are made and why? What factors inform these decisions? What factors might improve governors’ financial literacy?
5. How will the school benefit from this?

You may learn something about the way in which your school operates.

You may learn things about the way your school operates in relation to other schools.

In addition, it is hoped that this work will inform future research on this theme. Very little is known about financial literacy. Without studies like this progress cannot be made towards understanding this complex issue in order to develop means to enhance the level of financial literacy among individuals having financial responsibilities.

1 Following her graduation from Loughborough University, Carolynne trained with Godkin and Co Chartered Accountants. Married with two children, Carolynne is herself a school governor, and is currently studying for a PhD at Loughborough University Business School under the supervision of Professor Richard Wilson.
Appendix F

Anonymised extracts from School A and School B’s OFSTED reports
PART A: SUMMARY OF THE REPORT

INFORMATION ABOUT THE SCHOOL

School A is a larger than average comprehensive secondary school in the village of , just north of the city of . The school is popular in the locality and is oversubscribed. It has 1343 pupils on roll, with slightly more boys than girls overall. Most pupils come from homes which are supportive of education. Fewer than three per cent are entitled to free school meals, which is very low. The vast majority of pupils (98 per cent) are of white ethnic origin and no pupils are at an early stage of learning English. Attainment on entry is above average overall, but with relatively few very high attainers. The proportion of pupils who have special educational needs is about average. Almost all pupils in Year 11 continue in education after the age of 16 and about three-quarters of them stay on into the school sixth form.

HOW GOOD THE SCHOOL IS

School is providing a very good education for its pupils. The very strong leadership, good management and high quality teaching create a climate in which pupils are valued as individuals and challenged to achieve to the best of their ability. The school provides very good value for money.

What the school does well

- The school ethos is very strong and underpins all its work
- The quality of teaching is a very good overall. Teachers have high expectations for all pupils
- The pupils have excellent attitudes to work and achieve standards well above national average
- Pupils behave very well both in lessons and around the school
- The school provides a very good range of extra-curricular activities which pupils thoroughly enjoy and which enrich their education
- The school caters very well for pupils of all levels of ability, including high achievers
- The work of the basic studies department is very good and pupils who need additional help at an early stage subsequently achieve very well
- Almost all pupils in Year 13 pupils go on to higher education

What could be improved

- Subject departments vary in the consistency and effectiveness with which they use assessment and data to track pupils’ progress and in monitoring the quality of teaching and learning
- The marking of pupils’ work varies in quality and usefulness
- Information and communications technology (ICT) is not being used fully in every subject

The areas for improvement will form the basis of the governors’ action plan.

HOW THE SCHOOL HAS IMPROVED SINCE ITS LAST INSPECTION

The school has a strong commitment to continuous improvement. It has maintained the high academic standards noted in the previous report. It has made some improvement in the facilities for ICT, English, art and technology, but facilities for physical education and drama and the social accommodation are still unsatisfactory. Collective worship still does not fully meet statutory requirements. The system of reporting to parents was changed following the last inspection but the school is not satisfied with the progress made on this and is currently carrying out a pilot scheme for a new system. The curriculum has been extended by the addition of subjects at GCSE and A Level, and the provision for personal, social and health education has improved. The school has achieved the status of a beacon school and is currently bidding for technology college status.
STANDARDS

The table shows the standards achieved by 16 and 18 year olds based on average point scores in GCSE and A-level/AS-level examinations.

<table>
<thead>
<tr>
<th>Performance In:</th>
<th>Compared with</th>
<th>Similar schools</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>all schools</td>
<td>1998</td>
</tr>
<tr>
<td>GCSE examinations</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>A-levels/AS-levels</td>
<td>A*</td>
<td>A</td>
</tr>
</tbody>
</table>

Key

- well above average: A
- above average: B
- average: C
- below average: D
- well below average: E

The standards of work seen during the inspection showed that the high levels of the 2000 test and examination results are being maintained, with exceptionally high standards in science, mathematics, art, and religious education. Over the last three years, standards have risen in both Key Stages 3 and 4, and high standards have been sustained in the sixth form. At the end of Year 9, results are well above the national average and above those of schools with a similar proportion of pupils entitled to free school meals. In the core subjects of English, mathematics and science, when compared with similar schools the 2000 results were well above average in mathematics, above average in English, and in line with the average in science. GCSE results are well above both the national average and the results of similar schools. When compared with what these pupils achieved at the end of Key Stage 3, the results in English and mathematics were well above the averages for schools with a similar intake and in science, the results were in the highest five per cent. The school sets realistically challenging targets for attainment at GCSE and is successful in achieving these. In the sixth form, attainment at GCE Advanced level has been well above national averages over the last four years, and all the students following GNVQ courses in 1999 and 2000 were successful in gaining qualifications. Pupils, including those with special educational needs, achieve well throughout the school. Girls’ achievement is better than boys’ at GCSE but this was not significant in the work seen during the inspection.

PUPILS’ ATTITUDES AND VALUES

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitudes to the school</td>
<td>Excellent. Pupils’ enthusiasm and hard work make a significant impact on learning. This is an outstanding feature of the school.</td>
</tr>
<tr>
<td>Behaviour, in and out of classrooms</td>
<td>Consistently very good during lessons and other activities. The incidence of bullying is very low.</td>
</tr>
<tr>
<td>Personal development and relationships</td>
<td>The full programme of extra-curricular activities and other events provide many opportunities to enrich pupils’ development. Relationships throughout the school are exemplary.</td>
</tr>
<tr>
<td>Attendance</td>
<td>Excellent. Very high in comparison with other schools.</td>
</tr>
</tbody>
</table>
TEACHING AND LEARNING

<table>
<thead>
<tr>
<th>Teaching of pupils:</th>
<th>Aged 11-14 years</th>
<th>aged 14-16 years</th>
<th>aged over 16 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lessons seen overall</td>
<td>Good</td>
<td>Very good</td>
<td>Very good</td>
</tr>
</tbody>
</table>

Inspectors make judgements about teaching in the range: excellent; very good; good; satisfactory; unsatisfactory; poor; very poor. ‘Satisfactory’ means that the teaching is adequate and strengths outweigh weaknesses.

Teaching is very good. In the lessons seen it was good or better in 84 per cent of lessons. In 44 per cent it was good, in 37 per cent very good and in three per cent it was excellent. It was satisfactory in almost all other lessons and unsatisfactory in less than a half of one per cent. Teaching is slightly better in Key Stage 4 than in Key Stage 3, and is especially strong in the sixth form. The strengths in the teaching result in very good learning especially in Key Stage 4 and in the sixth form. Pupils sustain a very good pace of work in lessons, often working at full stretch intellectually. The best teaching is in English, mathematics, science, ICT, art, design and technology, religious education and music. In other subjects the proportion of good teaching is high, but there is less that is very good. Teaching varies most in quality in physical education, geography and modern languages, though it is still good overall in these subjects. Teachers have very high expectations and very good subject knowledge. Lessons are very well managed and the planning and teaching methods are very well matched to the needs of all pupils, including those with special educational needs and the potential high achievers. Literacy and numeracy skills are also taught very well. Pupils’ work is marked regularly but marking does not always provide them with clear enough guidance to help them improve their standards. In general, where teaching was satisfactory rather than good, pupils were allowed too long to complete the work or the teacher tended to over-direct learning. This restricted the challenge to pupils and the opportunities for them to take initiative and responsibility for their work. In most subjects, ICT is not yet being used enough to support learning.

OTHER ASPECTS OF THE SCHOOL

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>The quality and range of the curriculum</td>
<td>The curriculum is broad and balanced overall and provides a wide range of opportunities at all stages.</td>
</tr>
<tr>
<td>Provision for pupils with special educational needs</td>
<td>The school makes very good provision to support pupils with special educational needs and this enables them to achieve their targets.</td>
</tr>
<tr>
<td>Provision for pupils’ personal, including spiritual, moral, social and cultural development</td>
<td>This is very good overall and excellent in terms of opportunities for social development. Provision for spiritual development is good though occasionally, opportunities to give pupils time to reflect on spiritual matters are missed.</td>
</tr>
<tr>
<td>How well the school cares for its pupils</td>
<td>A very high standard of pastoral care is provided. Health, safety and welfare arrangements are good except for the limited social amenities.</td>
</tr>
</tbody>
</table>

The curriculum in Key Stage 3 is extended by the provision of two modern foreign languages and drama. Imaginative initiatives such as the cognitive acceleration schemes in mathematics and science give pupils good opportunities to develop thinking skills. The only weakness in Key Stage 3 is that most subjects are not using ICT in the way that the National Curriculum requires. In Key Stage 4, the range of GCSE options is wide. In the sixth form the choice of advanced courses is wide and includes an advanced vocational course in business studies. At present, however, there are no non-advanced courses in the sixth form. The provision for careers and vocational education is very good and together with the links with the community makes a very good contribution to pupils’ learning. Parents are very pleased with the school. They give a high level of support to their children’s learning, especially with homework.
HOW WELL THE SCHOOL IS LED AND MANAGED

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership and management by the headteacher and other key staff</td>
<td>The headteacher, supported by the senior management team, provides very strong leadership. The school ethos of high expectations, and the commitment to providing a high quality education, are shared by all staff and permeate all aspects of the school's work.</td>
</tr>
<tr>
<td>How well the governors fulfil their responsibilities</td>
<td>Governors are well informed and involved in setting strategic objectives for the school. They have a good view of the school's strengths and weaknesses.</td>
</tr>
<tr>
<td>The school's evaluation of its performance</td>
<td>The school keeps its performance under constant review, particularly at the level of senior management.</td>
</tr>
<tr>
<td>The strategic use of resources</td>
<td>The school plans and budgets very carefully for development. It makes full use of the resources available.</td>
</tr>
</tbody>
</table>

The success of the school stems to a very considerable extent from the well qualified, experienced and hardworking teachers. The support staff work very well as part of the team and make a significant contribution to the effectiveness of the school. The accommodation and resources are adequate overall, though there are weaknesses in particular subjects and the library, though well used, is too small for the size of the school. The accommodation for physical education and drama is inadequate.

PARENTS' AND CARERS' VIEWS OF THE SCHOOL

<table>
<thead>
<tr>
<th>What pleases parents most</th>
<th>What parents would like to see Improved</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The standards pupils achieve</td>
<td></td>
</tr>
<tr>
<td>• Pupils' positive attitudes and hard work</td>
<td></td>
</tr>
<tr>
<td>• The very high standards of behaviour</td>
<td></td>
</tr>
<tr>
<td>• The supportive and caring environment</td>
<td></td>
</tr>
<tr>
<td>• Teaching is good</td>
<td></td>
</tr>
<tr>
<td>• The school is well managed</td>
<td></td>
</tr>
<tr>
<td>• The extensive extra-curricular programme</td>
<td></td>
</tr>
<tr>
<td>• The school's very good relationships with parents</td>
<td>• Information to parents on their child's academic progress</td>
</tr>
<tr>
<td></td>
<td>• The level of financial resources available to the school</td>
</tr>
<tr>
<td></td>
<td>• The range of facilities and condition of the premises</td>
</tr>
</tbody>
</table>

Inspectors agree with parents' positive views. The school meets the statutory requirements for reporting to parents but the school has recognised that more frequent information about academic progress would be helpful, and is working on this. The total annual income from all sources is about average for a school of this size, as is the expenditure. The facilities for physical education and drama are limited and the temporary buildings used for social accommodation are in a dilapidated condition.
PART A: SUMMARY OF THE REPORT

INFORMATION ABOUT THE SCHOOL

School is a mixed comprehensive catering for pupils in the age range 11-18. There are 1250 pupils on roll, of whom 150 are sixth formers. Most pupils come from These areas are neither advantaged nor disadvantaged but below average numbers of pupils claim free school meals. Most pupils are white but there are 20 pupils from ethnic minority families, mainly Indian, Chinese and Black Caribbean. There are 15 pupils with English as an additional language but none is at an early stage of its acquisition. The school has grown considerably in size since the sixth form started in 1998.

Pupils' attainment on entry to the school is broadly average. However, there are fewer pupils on the special educational needs register than is normal for the size of school, and also fewer pupils with statements of special educational need. Most of the special educational needs relate to dyslexia, moderate learning difficulties, and emotional and behavioural problems.

HOW GOOD THE SCHOOL IS

The school is very effective. Standards are rising quickly. GCSE results are well above the national average and improving faster than the national trend. Current standards in class are above average in Year 9 and well above average in Year 11. Teaching is good overall. Leadership and management are very good. The school has successfully introduced a sixth form where standards have risen to average in a short time. All this has been achieved despite the effects of a devastating fire in December 1999. Unit costs are well below average so the school gives very good value for money.

What the school does well

- GCSE results are well above average and pupils achieve well.
- Teaching and learning are good overall.
- Pupils have good attitudes to the school and to their work.
- The pastoral care programme is of good quality.
- The provision of extra-curricular activities is very good.
- Leadership and management are very good.

What could be improved

- Provision for religious education in Years 10 and 11 does not meet statutory requirements.
- Some aspects of teaching and learning can still be improved.

The areas for improvement will form the basis of the governors' action plan.

HOW THE SCHOOL HAS IMPROVED SINCE ITS LAST INSPECTION

The school was last inspected in 1996. Improvement has been very good. Since 1996, standards have risen quickly, especially at GCSE. Standards in modern languages have improved greatly. The sixth form has grown successfully to 150 students from small beginnings in 1998. Teaching has improved. The accommodation has been improved immensely following the fire of 1999. The school's work is now monitored systematically, and there is a better match of work to the abilities of the pupils.

STANDARDS

The table shows the standards achieved by pupils at the end of Year 11 and sixth form students at the end of Year 13 based on average point scores in GCSE and A-level/AS-level examinations.
Compared with Performance in: All schools similar schools

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>GCSE examinations</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>A-levels/AS-levels</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Key**

- Well above average A
- Above average B
- Average C
- Below average D
- Well below average E

The school's Year 9 national test results in English were average in 1997 and 1999, and above average in 1998 and 2000. Results in 2001 were similar to those of 1999. Results in mathematics were well above average from 1998 to 2000. In 2001, results were similar to those of 2000. In science, results were above average from 1998 to 2000. In 2001, results were similar to those of 2000. Taken as a whole, the results in 2000 were well above average compared to all schools nationally. They were above average for schools taking their pupils from similar backgrounds. Girls did better than boys in English but boys did better than girls in mathematics and science. The school's results have followed the national trend for point score between 1997 and 2000, but in 2000, governors' very challenging targets were only met in science. In the current Year 9, standards in subjects in the school curriculum are above average overall. This represents good achievement from pupils' average starting points on entry to the school.

The proportion of pupils gaining five GCSE results in the range A*-C has improved greatly since the previous inspection. In 2000, GCSE results for five A*-C grades, five A*-G grades and one A*-G grade were well above the national average. They represented good progress from the end of Year 9. The results were above average for schools taking their pupils from similar backgrounds. The improvement in GCSE results since the previous inspection has been more rapid than the national trend, culminating in a further rise in 2001. Girls do better at GCSE than boys, as is the case nationally. Governors' very challenging targets for GCSE were almost all met or exceeded in 2001. The GCSE results are reflected in the current work of Year 11, which is well above average overall. This represents good achievement from the end of Year 9.

In 2000, the first A-level results, from the very small sixth form, were below average but they represented satisfactory progress from the beginning of Year 12. In 2001, far more students were entered, and the A-level results improved considerably. In most subjects they were as expected from students' GCSE results. However, governors' very challenging targets for A-level were not met in 2001. Current standards in Year 13 in A-level and AVE courses are broadly average overall. This represents satisfactory achievement from students' GCSE starting point. However, standards in English and mathematics are below average.

**PUPILS' ATTITUDES AND VALUES**

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitudes to the school</td>
<td>Pupils' attitudes to the school and their work are good. They strongly support learning. Pupils are happy at school and are keen to do well.</td>
</tr>
<tr>
<td>Behaviour, in and out of classrooms</td>
<td>Behaviour in class and around school is very good. Exclusions are quite rare.</td>
</tr>
<tr>
<td>Personal development and relationships</td>
<td>Pupils develop mature attitudes as they move through the school. They relate very well to each other and to adults.</td>
</tr>
<tr>
<td>Attendance</td>
<td>Attendance in Years 7 to 11 is above average. Sixth form attendance is satisfactory.</td>
</tr>
</tbody>
</table>
TEACHING AND LEARNING

<table>
<thead>
<tr>
<th>Teaching of pupils:</th>
<th>Years 7-9</th>
<th>Years 10-11</th>
<th>Years 12-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of teaching</td>
<td>Good</td>
<td>Good</td>
<td>Satisfactory</td>
</tr>
</tbody>
</table>

Inspectors make judgements about teaching in the range: excellent; very good; good; satisfactory; unsatisfactory; poor; very poor. 'Satisfactory' means that the teaching is adequate and strengths outweigh weaknesses.

Teaching and learning in Years 7-11 have improved since the previous inspection; they are good overall. The teaching of literacy and numeracy is good. Teaching and learning are good in Years 7-11 in English, mathematics and science. Teaching in these three core subjects is almost always good and meets the needs of most pupils well. It makes suitably challenging demands on the pupils and enables them to gain ever more advanced knowledge and greater skills as they are taken relatively quickly through the levels of the National Curriculum. Usually there is plenty of opportunity for pupils to develop and consolidate their understanding. However, in Years 7-9, there is evidence that some pupils with special educational needs are not coping. Their work shows that they are experiencing topics in class but not mastering them, examples being multiplication and division of whole numbers and decimals.

Most of the teaching in Years 7-11 is good. No unsatisfactory teaching was observed during the inspection. Teachers plan their lessons well and split the work up into activities that maintain pupils' interest. Questioning of pupils is good because it establishes their level of understanding and allows teachers to decide whether to proceed or consolidate. Teachers usually make suitable demands on their pupils but occasionally the pace of lessons is too sedate. Marking is of variable quality. The best practice indicates clearly how pupils have done, and tells them what they need to do to improve. However, too often marking is too infrequent to be useful. This affects pupils with special educational needs whose work needs very regular correction. Teachers manage and organise their classes well so that there is an air of industry and concentration throughout the school.

Teaching in the sixth form is satisfactory. It enables students to reach standards in Year 13 that are consistent with satisfactory progress in A-level and AVCE courses over two years. Teaching is good in A-level geography and AVCE information and communications technology (ICT). No unsatisfactory lessons were seen during the inspection and there was much to commend. However, in some subjects such as English and art, the pace of lessons is sometimes rather slow. Teachers in some subjects such as ICT are ensuring that students know how to extend their learning through private study but, in other subjects, although students work well in class, their independent learning skills are still relatively weak.

OTHER ASPECTS OF THE SCHOOL

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>The quality and range of the curriculum</td>
<td>The quality and range of the curriculum are good. The provision of extra-curricular activities is very good. However, the school does not meet statutory requirements for religious education in Years 10 and 11 or in the sixth form.</td>
</tr>
<tr>
<td>Provision for pupils with special educational needs</td>
<td>Generally satisfactory. These pupils do well at GCSE. However, they should have more attention in some lessons in Years 7-9.</td>
</tr>
<tr>
<td>Provision for pupils with English as an additional language</td>
<td>The provision is good. These pupils enjoy harmonious relationships with the staff and other pupils and make the same good progress as other pupils in Years 7-11.</td>
</tr>
<tr>
<td>Provision for pupils' personal, including spiritual, moral, social and cultural development</td>
<td>Provision for pupils' personal development is good. The provision for spiritual development is satisfactory overall but requirements for collective worship are not fully met. Provision for pupils' cultural development is good, and for their moral and social development it is very good</td>
</tr>
<tr>
<td>How well the school cares for its pupils</td>
<td>Arrangements for pupils' welfare are very good. Procedures for promoting good behaviour and attendance are very good.</td>
</tr>
</tbody>
</table>
### HOW WELL THE SCHOOL IS LED AND MANAGED

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership and management by the headteacher and other key staff</td>
<td>The headteacher's leadership is very good. Senior management is very good. Middle management is good. The school has improved greatly since the previous inspection and the sixth form has been introduced successfully.</td>
</tr>
<tr>
<td>How well the governors fulfil their responsibilities</td>
<td>Governors generally fulfil their responsibilities well. They understand the school’s strengths and weaknesses. However, the school does not meet statutory requirements for collective worship or for religious education in Years 10 and 11 and the sixth form.</td>
</tr>
<tr>
<td>The school’s evaluation of its performance</td>
<td>The school evaluates its examination performance very well. Managers monitor teaching regularly and evaluate its quality.</td>
</tr>
<tr>
<td>The strategic use of resources</td>
<td>The school operates on well below average funding. Governors and staff plan very carefully so that they can run the school successfully on a tight budget. The school applies the principles of best value very well.</td>
</tr>
</tbody>
</table>

### PARENTS’ AND CARERS’ VIEWS OF THE SCHOOL

<table>
<thead>
<tr>
<th>What pleases parents most</th>
<th>What parents would like to see improved</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Their children like school.</td>
<td>• They would like the school to work more closely with parents.</td>
</tr>
<tr>
<td>• The teaching is good.</td>
<td>• They would like better information about how their children are getting on.</td>
</tr>
<tr>
<td>• Their children are making good progress.</td>
<td></td>
</tr>
<tr>
<td>• Behaviour is good.</td>
<td></td>
</tr>
<tr>
<td>• There is an interesting range of activities outside lessons.</td>
<td></td>
</tr>
<tr>
<td>• The school is helping their children become mature and responsible.</td>
<td></td>
</tr>
</tbody>
</table>

The inspection team agrees with parents’ positive views. The team does not agree with some parents’ rather negative views about the school not working sufficiently closely with them or knowing how their children are getting on. For example, school reports are of very good quality and meetings for parents to discuss their children's progress are attended well.
ANNEX: THE SIXTH FORM

INFORMATION ABOUT THE SIXTH FORM

The sixth form was established in 1998 with nine students studying for A-level. Since then it has increased in size to 150 students. There are now more male students than females, and very few from ethnic minority backgrounds. Most of the sixth formers transferred from the school's Year 11 following a successful experience with GCSE. Entry qualifications are five GCSE passes at grade C. Higher grades are expected for some subjects. The intakes to the sixth form from 1998 to 2000 were below average in attainment. There was an average intake in 2001. The provision now consists of a good range of AS and A-level courses with AVCE available in art and design, information and communications technology, and business studies.

HOW GOOD THE SIXTH FORM IS

The sixth form is cost-effective. Leadership and management are good. Standards have improved quickly as the quality and size of the intake have improved. Standards are now broadly average and achievement is satisfactory. The sixth form meets the needs of its students, and retention rates are very good. There is a considerable amount of good teaching. Teaching and learning are satisfactory overall.

Strengths

- The school offers a wide range of vocational and academic courses.
- Standards are improving quickly.
- The teaching in geography and information and communications technology is good.
- A-level results in drama, art, geography and sports studies were strong in 2001.
- The enrichment programme is of good quality.
- Students' personal development is generally good.

What could be improved

- Standards in English and mathematics at A-level are not yet high enough.
- The pace and rigour of some of the teaching could be improved.
- Some students have not developed independent learning skills sufficiently.
- The use of target setting for individual students could be improved.
- The school does not meet statutory requirements for religious education.
- There is no development plan specifically for the sixth form.

The areas for improvement will form the basis of the governors' action plan. Strengths and areas for improvement in individual subjects are identified in the sections on individual subjects in the full report.

THE QUALITY OF PROVISION IN INDIVIDUAL CURRICULUM AREAS

The table below shows overall judgements about the provision in the subjects and courses that were inspected in the sixth form. Judgements are based mainly on the quality of teaching and learning and how well students achieve. Not all subjects in the sixth form were inspected.

<table>
<thead>
<tr>
<th>Curriculum area</th>
<th>Overall judgement about provision, with comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mathematics AS and A-level</td>
<td>Satisfactory. Standards are below average but are satisfactory in relation to students' attainment at the beginning of their courses. Teaching is satisfactory. However, several students are struggling because they are unsuited to mathematics at this level.</td>
</tr>
<tr>
<td>Subject</td>
<td>Description</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Biology AS and A-level</td>
<td>Satisfactory. Standards are broadly average. Teaching is satisfactory with good features. Students have very good attitudes and learning is satisfactory. There should be more use of ICT.</td>
</tr>
<tr>
<td>Business Studies and A-level</td>
<td>Satisfactory. Standards are broadly average. Teaching and learning are satisfactory. Students' attitudes are good but they need more opportunities to develop independent learning skills. There should be more use of ICT.</td>
</tr>
<tr>
<td>Information and Communication Technology AS VCE and AVCE</td>
<td>Good. Standards are a little above average and students achieve well because they are keen and interested. The teaching is good and the subject is very well organised and managed.</td>
</tr>
<tr>
<td>Art &amp; Design AS and A-level</td>
<td>Satisfactory. Results are improving. Standards are average. Teaching and learning are satisfactory. Students have a positive attitude to the subject but need to develop better independent learning skills.</td>
</tr>
<tr>
<td>Music AS and A-level</td>
<td>Satisfactory. Standards are average. Teaching and learning are satisfactory. Students have good attitudes. There should be more use of ICT.</td>
</tr>
<tr>
<td>Geography AS and A-level</td>
<td>Good. Results have improved considerably. Standards are above average and achievement is good. Teaching and learning are good.</td>
</tr>
<tr>
<td>Psychology AS and A-level</td>
<td>Satisfactory. Standards and results are improving as a result of the determination of the teacher. Students need more opportunities for experimental work.</td>
</tr>
<tr>
<td>English AS and A-level</td>
<td>Satisfactory. Results are below average, but students make satisfactory progress. Teaching and learning are satisfactory. Students have a positive attitude to the subject but need to develop better independent learning skills.</td>
</tr>
</tbody>
</table>

Most other courses in the sixth form were sampled. Teaching and learning were always at least satisfactory and often good. Students' attitudes to their work were always good. There was very good teaching in A-level sports studies.

**OTHER ASPECTS OF THE SIXTH FORM**

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>How well students are guided and supported</td>
<td>The quality of help and guidance from the induction programme to the end of Year 13 is good. Staff always make themselves available when necessary and students are supported well. Information about further and higher education is good. However, more emphasis needs to be placed on the development of students' independent study skills.</td>
</tr>
<tr>
<td>Effectiveness of the leadership and management of the sixth form</td>
<td>The leadership and management of the sixth form are good. The school has successfully developed the sixth form from nine students to 150 over a short period, and standards in Year 13 are now broadly average. However, development planning needs to be improved. Students' A-level results are scrutinised carefully to determine whether standards are as high as they should be. More could still be done, by setting targets for students and subjects in Year 12 and monitoring progress towards them frequently. Equality of opportunity is promoted well.</td>
</tr>
</tbody>
</table>

**STUDENTS' VIEWS OF THE SIXTH FORM**

<table>
<thead>
<tr>
<th>What students like about the sixth form</th>
<th>What they feel could be improved</th>
</tr>
</thead>
<tbody>
<tr>
<td>• There are good induction arrangements.</td>
<td>• Students would like more information about employment and positions in industry.</td>
</tr>
<tr>
<td>• They value the quality of teaching.</td>
<td>• They would also like more opportunities for experiences abroad.</td>
</tr>
<tr>
<td>• They find that teachers are readily available to provide help, guidance and support.</td>
<td></td>
</tr>
<tr>
<td>• There is good information about the next stage in</td>
<td></td>
</tr>
</tbody>
</table>
Inspectors agree with the students' positive views. They also agree with students' views about suggestions for further development.

**COMPARING PROVISION IN SCHOOLS AND COLLEGES**

Inspectors make judgements about provision in subjects and courses, and about leadership and management, in the range: excellent; very good; good; satisfactory; unsatisfactory; poor; very poor. Excellent and very good are equivalent to the judgement “outstanding” in further education and sixth form college reports; poor and very poor are equivalent to “very weak”.
Appendix G

Notes from the first Finance Sub-committee meetings attended
Meeting at School A – 14th February 2000 – Finance Committee

Present RT, TK, GA, JP, LA, SR

All introduced themselves:

Finance and Information director
Commercial director - £40m company
Solicitor, Large firm with offices throughout East Midlands. Specialises in litigation
Teacher governor, Head of Arts faculty (Drama, art...)
Bursar
Got three sons in school. Chair of governors, previously chair of finance – Said not financially literate.

Minutes of previous meeting:

Ghost audit:

Agreed at a previous meeting to have a ghost audit in school because LEA who are responsible for auditing can only guarantee will be audited every three years. They don't think it will be enough.

As a GM school they had to be audited annually. Some governors questioned whether this was necessary. Bursar said aim was to ensure processes/procedures in place were in order. I.e. no room for fraud. The firm will provide feedback but not a management report. Will only take 2.5 days when previously took 5 days.

One governor then asked whether 2.5 days is sufficient to do the audit. Discussion then followed as to whether the exercise served any purpose. Bursar/head very much in favour of it.

Concern then expressed whether £1500 was reasonable. Should they have gone out to tender. Only have to go out to tender when spending more than £3000. The auditors are previous auditors and therefore already know something about the system. Were also cheapest on these two occasions. LA and DD were happy that they were most appropriate.

Concern was expressed that may spend £1500 and then the LEA turn up next week. The LEA visit could happen at any time in the 3 years. Recognised that this was true but couldn't get round that. Remarks also made about the quality of the LEA audit. Know nothing about the nature or quality of audit. Previously was very limited in scope and usefulness.

DD stated that are still trying to iron out changes from GM to Foundation status. RT wants it in writing from Finance Director that audit situation is ok. DD states don't get things in writing, this is the framework within which we are operating. Purpose of the audit is want to be sure that can show governors have acted in the best manner. DD states LEA rarely put things in writing and even when they do they can retract them. E.g. LEA said they would maintain paying for ECOs but didn't (Previously the LEA paid for all ECO support no matter what it cost they footed the bill. In this academic
year turned round and said that the budget they had included the money for ECOs. Effectively reduced the budget by £96,000) and that's why they had to ask parents for money. DD pointed out Governors are responsible for finance of school regardless of the LEA's actions. If the audit shows up anomalies does not change the fact that governors have still acted in best way. It was agreed to send letter expressing the governors' concerns about a lack of audit and asking for clarification even if won't get a reply. They have covered their backsides by writing the letter.

What happens to the audited accounts? Question raised about whether to send LEA a copy. Consensus was a definite NO, why should we? Previously there was a move towards asset accounting. Now moving away from this as LEA doesn't deal with fixed asset accounting.

Plan to revisit audit to ensure satisfied with it. Raised question what are other GM schools doing? DD to make some calls to find out.

GA wants to check letter of engagement from auditors.

Budget Reductions

There was a discussion over possible budget cuts. DD has a range of cost cutting strategies prepared ready to implement when get new budget. He has no idea how much the budget will be. Rumours on the budget are more optimistic. In November it was thought that there wouldn't be money to pay for teacher rises. Now looks like LEA may find the extra money needed. Catering subsidy of £40,000 was scrapped during this year. There may be similar cuts yet unannounced.

There have been promises for years that things would get better. Never actually does. Won't find out till April what it is anyway. Budget could be cut by £100,000 could be cut by £1000. There is a 5.8% increase in SSA but schools never get receive the same % increase. Why not?

DD cannot believe LEA will cut budget by more than £100,000 but then never foresaw ECO changes Special needs provision is being changed again. Will actually go into red re: ECO provision. Budgeted 96,000 actual amount likely to be £102,000. Most of the planning in school gears around an academic year, yet the budget is done on a financial year. Decisions are made re: school for the whole academic year then get new budget in the second term. Impossible to readily adapt the decisions already made based on the academic year. School is locked in to the decisions made.

Governors asked would they have to ask parents to contribute again? DD replied he didn't know, hopes not but who knows?

Cash flow

At the previous meeting governors agreed the new format of the budgetary spreadsheets. One governor noted that couldn't actually identify cumulative actual income to date on current layout. Therefore they cannot easily spot where income is down on what expected for the period in the same way that they can for expenditure. Big debate followed. DD and LA not happy at having to revise spreadsheets again.
Wanted clarity over what governors actually wanted. DD said he doesn’t mind doing it one more time but does not want to have to do it again after that. Quite a heated debate over what wanted and why. Governors vs. staff. Resolved amicably that would do actual income sheet in same way as do actual expenditure.

LA pointed out there are two more codes added to the sheet.

9605 Development funding - Originally expected to get £49,000 actually got £16,000. Made up deficit by unexpected windfalls.

Got a grant for post 16 education. Syllabuses have all changed. Some aren’t even out yet. Take effect from September. Got some money to help plan and prepare for this. Is the grant a one off? No-one knows.

Also got money for Beacon status. £20,000. This all needs to be spent by end of financial year or will get clawed back.

When school was GM could carry money forward now can’t.

9606 - Working Environment fund - one off grant to improve the working environment for teachers to relax, prepare lessons etc. Teachers have decided where they want it spent and it will be.

Salaries are underspent. (Due to less supply costs (managed more efficiently) less illness). At present looks like will carry forward reserve of 70,000. Noted that this has implications because have asked parents to contribute towards this.

Discussion about how to plan for one off grants in budget. Someone suggested they should not be included in budget because school cannot rely on it being there consistently. E.g. beacon money. Next year will be more money to be set off against grant.

RT looked at figures and realised income was up £80,000 on budget now so why only is income only due to be 7,000 excess at year end. The answer was due to NI contributions. The LEA give the schools two lots of grant towards NI in April due to some schools being over budget at year end. This means that the following March school don’t get any money. So throughout the year the school have £70,000 extra to be used in March. Timing difference.

GA asked why code 2000 was overspent. LA explained that it isn’t really overspent. One budget holder needed to place an order for something costing £10,000. Can’t do this if haven’t got any money left in budget. He hadn’t so borrowed some one else’s budget, which will repay when get grants back. LA had difficulty explaining this.

(Missed the point of the question?)

TK said should update budget if things change. Others disagreed. LA pointed out that anything they do is constrained by LEA returns.
DD pointed out that it is important to check actuals against budget so that any anomalies are apparent and these can then be investigated. LA/DD to explain these in a verbal report.

Governors were very concerned about whether the carry forward money would be clawed back by the LEA. Carry forward figures are not allowed in LEA figures. LEA returns are done year on year. The brought forward balance is therefore irrelevant.

Comment made that it is amazing that the school manages to come in on budget given the fluctuations that are impossible to plan for. Put down to very tight financial control/fiscal policy in school by LA/DD.
First impressions:

It was very difficult to tell whether my being there had any effect on their behaviour. They did pick up on lots of detail e.g. re: audit. Are they always this diligent?

Some friction between governors and DD/LA. DD/LA clearly work very closely together and understand the day to day running of things. Governors are to some degree playing catch up. DD/LA have the knowledge. Governors have the power. (Knowledge is power!!)

LA less sympathetic to governors' position than DD e.g. When they were discussing the revision of the spreadsheet she pretended not to hear and turned round and said 'Pardon' as if she was very disinterested. He started to repeat what had been said. And she admitted she knew what he had said.

Atmosphere of meeting encouraged people to join in. Even though was heated at some points still lots of debate and always reached amicable situation. JP and SR very quiet.

Lots of uncertainty in environment stemming from:

1) Don't know what the budget will be until new year starts.
2) Things change during the year (new grants, other monies taken away)
3) LEA not portrayed as good communicators (don't respond to letters and when do don't stick to what they said.)
4) LEA portrayed as ineffective generally (e.g. bad audits. Keep too much of SSA, collect useless info from schools and are not interested in seeing real picture e.g. b/s/b balances)

-Governors take role very seriously. Want to be seen to be doing the right thing.
-Governors are very reliant on DD and LA, although are also questioning and inquisitive.
Meeting of Finance Working Party at School B, 11th May 2000

Agenda:

1. Apologies
2. Declaration of interest
3. Approval of minutes
4. Matters arising
5. Actual vs. budget
6. Catering results to 30/04
8. Insurance claim update
9. Cleaning contract
10. Adult Education block
11. A.O.B.
12. Date of next meeting

Meeting attended by Head and Bursar and various governors (??)

Bursar arrived with huge volume of information for the governors showing the results up to end of March 99. Papers covering:

- Catering results to March 2000
- Capital grants
- Staff development grants
- Non public funds i.e. funds they generate themselves
- School fund accounts
- Revised estimates

Thought overspend would be 71999, actually is likely to be 27153. Bursar ran through explanations as to why overspend was less than anticipated. Mostly due to the insurance claim. Have claimed expenditure as part of the insurance claim rather than from departmental budgets etc.

Catering results April 2000

Results look promising. There has been a big turn around. A few years ago they considered not providing school meals at all because was not economically viable. Now almost breaking even. Introduced swipe card. Other schools have been to look at their experience with swipe cards.

They currently have 87 pupils claiming free school meals. The number as a proportion of number of pupils has fallen. This affects where School B appears in the PANDA/comparative data. It has moved into the higher band (8% free school meals). Being compared to schools where, they feel, levels of social deprivation are considerably less. Has serious implications for the way the school is viewed by others. Governors very concerned about this. Decided to send out newsletter encouraging parents to claim where eligible. Due to the cashless system pupils are anonymous. Head reckons 15 more pupils could claim which would be sufficient to change their banding. Won’t affect previous figures but will help in future.

Reconciliation of budget to LEA return
Budget for 2000/2001
Annexe 1 form
Insurance reclaim – cashflow

Are managing to make money on the fire due to:

1. Got 1.3 million in cash at the moment, got it on reserve at 6% interest.
2. To replace lost equipment have put in claims for full price of things. When it comes to replacing them are actually getting bulk discounts etc. As far as they know they will keep the extra cash. Loss adjuster agrees
figures, insurance company pay it and school get to spend money as they wish.

Headteacher asked committee to agree to give office staff an ex-gratia payment to say thank you for all the extra effort they have put in dealing with the fire. No extra staff employed just had to work harder. Committee agreed to payment at head’s discretion.

School got extra £14,000 due to partial needs LMS. LEA recently changed LMS formula moving towards needs led formula. Has not helped School B though they are still the worst funded/pupil in the county. The gap between best funded/pupil and worst funded per/pupil has grown. There is £1025 more per pupil at DC School than there is at School B. Head believes there should be a basic agreed amount per pupil before rest is spread out according to need. LEA are hiding behind the formula. Heads were heavily involved in developing the formula but it is not just former GM schools that are complaining.

They have increased pupil intake numbers for September. Done this because class sizes were too big for Science and technology. By upping intake can afford an extra part-time technologist.

One governor pointed out that while on the face of it things don’t look too bad have still effectively finished the year going phew!!!!. This is the same as in previous years and it is not a good position to be in.

Talked about VLth form. Head stated he believed that pupils are happy because have a very low dropout rate.

Discussed cleaning contract which is held with LEA. Are looking to opt out of this in future and do it themselves.

Adult Education Block

The playschool rent the adult education block but the rent does not cover the costs of running the block. Big discussion followed. Feel a duty towards the playgroup but can not afford to run at a loss will explore other possible options for the playschool and head will report back.

Got a sponsor a brick project going on. Raised £4000. Are planning a topping out ceremony for new building which will hopefully lead to more publicity.

One governor pointed out changes in the tax law whereby can claim back tax on charity donations from 6/04/2000.

First impressions:

Very experienced school governors, playing a number of roles. Very committed to future of school. Good relationship between governors and senior management. One governor is a staff governor who didn’t say very much and seemed quite distracted from rest of group. Other governors all spoke and asked questions.

One governor offered to arrange for me to speak to governors at Boots.
Appendix II

Details of one-to-one interviews with governors
### Summary of one-to-one interviews conducted with governors

<table>
<thead>
<tr>
<th>Number</th>
<th>Type</th>
<th>No of years as governor</th>
<th>Interview date</th>
<th>Interview Location</th>
<th>On finance committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Partnership</td>
<td>8</td>
<td>4:12:00</td>
<td>Home</td>
<td>Yes</td>
</tr>
<tr>
<td>2</td>
<td>Parent</td>
<td>1</td>
<td>10:11:00</td>
<td>Home</td>
<td>Yes</td>
</tr>
<tr>
<td>3</td>
<td>Co-opted</td>
<td>13</td>
<td>10:10:00</td>
<td>Home</td>
<td>Yes</td>
</tr>
<tr>
<td>4</td>
<td>Partnership</td>
<td>10</td>
<td>18:10:00</td>
<td>Home</td>
<td>Yes</td>
</tr>
<tr>
<td>5</td>
<td>Parent</td>
<td>7</td>
<td>24:10:00</td>
<td>Work</td>
<td>Yes</td>
</tr>
<tr>
<td>6</td>
<td>Partnership</td>
<td>&lt;1</td>
<td>24:10:00</td>
<td>My home</td>
<td>No</td>
</tr>
<tr>
<td>7</td>
<td>LEA</td>
<td>3</td>
<td>26:10:00</td>
<td>Home</td>
<td>Yes</td>
</tr>
<tr>
<td>8</td>
<td>Co-opted</td>
<td>5/6</td>
<td>12:02:01</td>
<td>Work</td>
<td>Yes</td>
</tr>
<tr>
<td>9</td>
<td>Partnership</td>
<td>1</td>
<td>12:12:00</td>
<td>Work</td>
<td>Yes</td>
</tr>
<tr>
<td>10</td>
<td>Staff</td>
<td>&lt;1</td>
<td>15:11:00</td>
<td>School</td>
<td>Yes</td>
</tr>
<tr>
<td>11</td>
<td>Staff</td>
<td>2</td>
<td>15:11:00</td>
<td>School</td>
<td>No</td>
</tr>
<tr>
<td>12</td>
<td>Parent</td>
<td>30</td>
<td>29:11:00</td>
<td>Work</td>
<td>Yes</td>
</tr>
<tr>
<td>13</td>
<td>LEA</td>
<td>2</td>
<td>9:11:00</td>
<td>Home</td>
<td>Yes</td>
</tr>
<tr>
<td>14</td>
<td>Co-opted</td>
<td>2</td>
<td>28:11:00</td>
<td>School</td>
<td>Yes</td>
</tr>
<tr>
<td>15</td>
<td>Parent</td>
<td>10</td>
<td>1:12:00</td>
<td>Coffee shop</td>
<td>No</td>
</tr>
<tr>
<td>16</td>
<td>Partnership</td>
<td>13</td>
<td>5:12:00</td>
<td>Work</td>
<td>Yes</td>
</tr>
<tr>
<td>17</td>
<td>Partnership</td>
<td>27:12:00</td>
<td></td>
<td>Home</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Appendix I

Interview Schedule
Interview Questions:

EXPERIENCE:

How long have you been a governor?
Which committees have you served on?
Why did you become a governor?
Non-governor experience (occupation)

RESPONSIBILITY VS. CONTROL

Governors are clearly responsible for the finances of the school, do you think all governors are aware of this?

Do you feel that you have any real control over the finances of the school? If not why not?

Do you ever feel decisions are made externally that have implications for the way you work?

DECISIONS:

How does your school decide how to spend its resources?

On the face of it school accounts are relatively straightforward matching expenditure with income. Do you think this is an accurate view of the reality?

Do you feel confident with the financial data you receive?

Yes: Which aspects of your own experience have allowed you to feel confident with financial data?

No: Do you ever feel there are questions you would like to ask but that you do not feel able to?

Do you feel that you have become more confident with the financial data you see as you become more experienced?

What skills do you think governors need in order to fulfill their responsibility for the finances of the school?
FUNDING:

Were you a governor when this school opted to become a GM school?
Yes: Why did this happen?
What were the main implications?

What do you think about the way schools are currently funded?
In what way could the funding of schools be improved?
What do you think about schools having to bid for additional money?
What effect if any do you feel having limited funds has had on the way schools operate?

Financial literacy is closely linked with people's ability to recognise the financial consequences of their actions. From my attendance at meetings I believe many governors are very aware of the financial consequences of their actions. Do you agree and if so what do you think are the main reasons behind this?

RELIANCE ON HEAD TEACHER:

Governors are clearly reliant on information form the head - do you ever see this as problematic?
Do you ever revisit documents given to you in governor meetings?
What other sources of information do you use when making decisions other than the headteacher and the bursar?

ROLE OF SCHOOL GOVERNORS

Who are school governors accountable to?
Who do school governors represent?
How do you think the effectiveness of school governors should be measured?
Would schools be a poorer place without school governors?
What do you see as being the most important role of school governors?
Has the role of school governor changed over the time you have been a governor? In what way?
How many hours per week do you dedicate to being a school governor?

GENERAL:

In what way does the LEA contribute to your effectiveness?
What do you find the most satisfying thing about being a governor?
What do you find the most frustrating thing about being a governor?
If you could choose one single change that would improve your effectiveness as a governing body what would it be?
9 October 2000

Dear Governor,

Earlier this year, you and your fellow governors kindly agreed to let me observe some of the governing body’s meetings at your school in order to pursue my doctoral research on the theme of financial literacy. This has proved to be both enjoyable and informative.

I am now approaching you as an individual in the hope that you may again be willing to help. Over the last few months I have had the opportunity to observe the governing body in action and have developed a few ideas about the role of school governors and the implications of this for financial literacy. As part of my research I would be very interested to hear some of your own personal experiences of being a school governor and I would therefore like to arrange some discussions with those governors who are willing. Clearly governors are very busy people and I can assure you that these discussions will only be as long as the time you can spare and at a time that is most convenient to you. Confidentiality is again assured and no governors or governing bodies will be identifiable in any reports produced as a result of this study.

Would you please return the attached paper, either in a meeting or via the post in the enclosed envelope, indicating whether or not you would be willing to meet at some point in the next few weeks?

Many thanks again for your support to date,

Yours faithfully,

Mrs Carolynne Mason
Doctoral Research Student
Financial Literacy Research Project

Name: ...........................................................................

Please delete as appropriate:

a) I am willing to meet

b) I am unwilling to meet

Please complete the following details if you are willing to meet for an informal discussion. I will then contact you to arrange a convenient date and venue.

Contact Details:

Address:  ............................................................................................

............................................................................................

............................................................................................

............................................................................................

............................................................................................

Phone number: .............................................................
Appendix J

An example of a transcribed interview
Interview with Governor 12

Meeting took place in his office at work. He has a senior position in the public sector.

Intros

Carolynne How long have you been a school governor?

Gov. 12 I'm just trying to think erm about two years.

Carolynne OK and which committees have served on?

Gov. 12 Finance, Facilities and briefly on Personnel. I think that's it. I think I've got I'm earmarked for one or two of the other ones but they are something like discussing appeals or pay appeals which I would imagine meet very rarely if ever.

Carolynne Did you choose to go on those committees? Were they the ones you wanted to go on?

Gov. 12 To a degree yes erm I mean initially when I became a governor I think I was earmarked for I was allocated rather to Personnel and facilities and then the opportunity arose to go on the finance one I just thought well initially I thought I'm interested in what's on the finance side of things so yes its a mixture of would I and I would like to.

Carolynne Right OK. And did you feel you non-governor experience that would help you in these particular roles?

Gov. 12 Yes.

Carolynne Work experience?

Gov. 12 Yeah. These areas are key in terms of my current role.

Carolynne Right OK. So why did you become a governor?

Gov. 12 Good question. I think there are 2 things really. 1 is that I have 2 lads at (School A) so there is a sense of I wanted to find out a bit more about what actually goes on and
to have an input in supporting the school. And the other catalyst probably was that erm I agreed to become a mentor under a scheme that did exist in this county and I think still exists 'Mentors for Headteacher's organised by business in the community. (The headteacher) was one of the participating heads. I, we were approached as an organisation in terms of would we be willing to provide mentors. Erm we were approached at executive level and I was erm the only one on the exec team who was willing to do it so I became mentor for a headteacher at a junior school in (a town) erm and I did that for a year eighteen months and that was interesting and I just thought actually I'd like to continue the interest.

Carolynne

Oh right that's interesting then. I didn't know about that mentor scheme.

Gov. 12

I think it is still running.

Carolynne

Is it?

Gov. 12

I think so. but I felt as though two things. I'd done my bit to a degree and secondly part of the objectives of the scheme is that it should provide benefits career development benefits for the mentor as well as headteachers. It is not meant to be an arrogant statement or anything like that but whilst it conjured up an interest in being a governor the level that it was pitched at was not really the level that I was looking for.

Carolynne

Do you think it was because it was a junior school?

Gov. 12

I don't know. That's a good question. I think its it may have been. I think it was ermm... and the headteacher I got on well very with. I had no problems we got on well professionally personally but it was just in a sense the level of development that he was looking for was perhaps different from what I was looking for and I didn't go into it for those reasons but I know for instance a lot of there were quite a lot of people mentors from Rolls Royce.
and I think they were career middle managers and part of their career development was to be.

Carolynne: Was the idea of the mentoring that the headteachers learn management skills?

Gov. 12: Yes and in a sense somebody they could talk about issues with who had no...

Carolynne: No educational background?

Gov. 12: Yes no links back into anything that was a sounding board a confidential sounding board. I mean it was interesting and there was nothing, I'm not sure I was able to help immensely because I think the guy who I was mentor to in a way decided in his own mind what he wanted.

Carolynne: You were a sounding board.

Gov. 12: Yes but I think he found it useful talking to me and I, in many cases I was able to say I think that's a good idea I think you are doing the right thing and so on.

Carolynne: Right interesting. Erm I was going to say you weren't at the school when it opted to become GM.

Gov. 12: No.

Carolynne: What do you think about the way in which schools are currently funded?

Gov. 12: That's a very open question isn't it?

Carolynne: Yes.

Gov. 12: What am I supposed to say that there aren't enough resources going in to school?

Carolynne: Whatever you think.

Gov. 12: Erm. (Pause.) I think the question the funding of schools and education is very like the funding if the NHS there is no right level of funding and even if the level of funding was increased dramatically it
still wouldn't be sufficient because the demands on it would become be different. So that said there's no you have to take a slightly sceptical view in terms of just saying if only. The reality is the world will never anybody who works in the public services has to understand that resources will never be sufficient to match demand. People's expectations increase significantly. Erm I think if you relate it to a school like (School A) I think my judgement would be that relatively is reasonably well funded. I'm not saying there aren't problems with it and I think the obvious one is the nature of the building. Within a cramped site. If you could start again, move to other sites you'd have something different. But in terms of er I mean one of the acid tests is do the children get a good education I think the answer is yes they do. Erm lots of ways in which it can be improved partly by being able to invest more resources of course you have a lot more choice you have smaller class sizes erm those sorts of areas of course that's got to help. And if the school had a better fabric I don't know what the ideal would be, to have all its playing fields on one site, nice new buildings a nice sixth form area I mean you name it of course that would make a difference but the acid test is do the children get a good education and the answer is yes they do.

Carolynne Could you see any improvements in the way the schools are funded? In the way they are funded not necessarily the level of funding?

Gov. 12 Erm I don't know I think that's a hard question. I mean one obvious way might be that there was an expectation that parents put in a greater contribution which we sort of touched on as a school but it was on a non-recurrent basis and it was controversial emotive and so on erm I mean I don't understand the nuances of school funding I mean I sort of understand them but I haven't gone into the depths of it. I mean in terms of the methodology that exists
its probably a sensible methodology.
There is a view that (this County) is
under-resourced as a county its a
political argument maybe it is maybe
it isn't I mean again you have to be
slightly sceptical in terms of the
reasons why people are keen to push
that line erm its a bit like if you
look at again drawing parallels with
(other public services) if you apply the same question
to (other public services) it then applies the obvious
comments about the extent to which
people should take out their own
health insurance.

Carolynne Yeah.

Gov. 12 So again this thing about
should parents contribute more in some
way? Should they actually? Should
there be some greater input there? And
it comes down to you views about it
What's right? I think the irony is
for me is that erm Well In all facets
in life, well education is a classic
example. There are always going to be
inequalities of funding between areas
there are inequalities of access to
resources in terms of individual
pupils. There are. Our children will
be more or less advantaged compared
with colleagues because we will do
certain things for them other parents
may do more may do less and that's one
of the ironies and taking it off at a
bit of a tangent you'll never get to
the position where every child has the
same level of resources spent on them
so its asking for the ideal. So yeah
probably argue that looking at
different ways of attracting
additional resources and so on but I
think the acid test again is do they
get a good education yes they do?
Could probably do with additional
resources but resources aren't the
only answer and then how far do you
push that line before you get into the
realms of what are you political
views. Are you into private education
or state education?

Carolynne Yes OK. Given that the line
is that schools have limited do the
you think that that has an effect on
the way the school operates?

Gov. 12 Yes I do, yes it has to.

Carolynne And what do you think those
effects are? The major effects?  

#-DECISION  
#-PRIORITY  
#-UNDERSTAND  

Gov. 12  
Well starting with a fairly general comment I mean all organisations school are no different have to make choices about priorities. Erm my feeling is on the whole or the advice the governors get is probably sound advice but it's very difficult for someone like myself to get a clear view about I mean we form a view on what we are told. We don't that doesn't necessarily mean we are told everything and given the right bigger picture. Clearly as for any organisation just as we do with our non-executive we feed the information through to them and we make decisions on that basis but that's slightly different from saying are they entirely clear about the bigger picture and are they entirely comfortable it's saying what we do as an organisation reflects our priorities I think it does in overall terms but can't be entirely sure. We rely on the head teacher to advise us accordingly. More specifically erm I don't know I just factually for instance whether the school spends an inordinate amount on admin. and support staff vis a vis other schools and even if did whether that necessarily was a good thing or a bad thing. It can be good thing because it frees up more teaching time and that's great it can be bad thing if you know you've got yes necessarily expensive bureaucracy.

Carolynne  
Who do you feel school governors are accountable to?  

Gov. 12  
Who are they accountable to? Individually? Collectively? Both  

Carolynne  
As a school governing body.  

Gov. 12  
I would say my view is that we are accountable, we are accountable to the Secretary of State ultimately not in terms of necessarily pure line of accountability but my skew on things is if we are doing our job properly we should be accountable to the Secretary.
of State to justify everything that happens in that school. On an individual level I would say I am accountable to the parents because I am a parent governor and as such that I should be able to say to any parent who will ask me am I happy with what's happening at the school. I am not accountable to The headteacher I do not regard myself as accountable. I don't regard myself as accountable to the teachers. I think we should sit outside that.

Carolynne Do you think teacher governors should be accountable to the teachers? 

Gov. 12 Erm there has to be a degree of accountability to the teachers but it has to be broader than that think. I mean if you accept my definition.

Interruption by Chief executive

Gov. 12 The duty of the governing body should be to ensure that the education of the children at the end of the day is to the right level the right standards etc. etc. and for me that's about being able to justify all of us as a body being able to justify to the government to the secretary of state that we're happy about the way things are that teacher governors are no different to parent governors or LEA appointed governors.

Carolynne Right do you feel confident with the financial data you receive? 

Gov. 12 No.

Carolynne No why not? 

Gov. 12 Because I don't think its, the way its presented does not for me view of the big picture.

Carolynne In what way doesn't it allow you to have the bigger picture?

Gov. 12 Its presented in a very incremental way. It doesn't for me take us from this is where we are, these are the major issues, this is where we are going to be at the end of the year. Its quite hard work making
that connection erm I'm not saying it's not there but it doesn't easily lend itself and I'm not being nasty to the person involved or whatever. I think she works hard erm but for me she misses the point of what she should be presenting to us and erm if I say it's part of my role I mean I have to present some information to my board which is why I think I can make the comment from what you say that I don't think she presents it in a way that helps us. I think she is resistant to comments about changes in fact she is very sensitive and I think if she worked for me I would send her on a development programme. Talk to her, show her what we do, show her what other organisations do, I don't think it would be difficult for her but I think the way she puts it together is not helpful.

Carolynne OK

Gov. 12 For me the message I send to the board and the message I'm looking for from her, I want an assurance about what the position is, is the position fine? Is the organisation performing in accordance with the plans? And we don't get that and that's what this organisation wants they want they don't want all the detail non-execs are like lots of governors we've got other jobs. There is a limit to how much information we can absorb they just want headline information in terms of this is where we are this is where we expect to be these are the major issues are we OK in terms of getting from A to B? That doesn't come through

Carolynne Yeah. And what about governors who are not on the finance committee? Do you think they have got any idea?

Gov. 12 I don't know. I would doubt it.

Carolynne Because clearly you are on the finance committee and have financial knowledge yourself it might be that they perhaps struggle.

Gov. 12 Yeah I would agree with that. One or two people on the finance committee struggle but.
Carolynne On the face of it school accounts are relatively straightforward matching income with expenditure do you think that's a reality or do you think its more complex than that or that's it top and bottom. 

#-PLANNING

Gov. 12 Erm. I mean its a mixed answer its partly around that but again its partly around for me there's something about financial planning which is about not only what is happening in the current year but trying to assess what's happening in a year or two years time and that's not financial information that we have been given. Or seems willing to be given.

Carolynne No. Is it something you have asked for or something you just thought could be useful.

#-RELWITHEAD

Gov. 12 Well I have touched on it. I know I mean to be honest I have reached a point where I don't think there's any mileage in trying to push it because I don't think it is there and I don't think the commitment would be there to give it. Erm I think there's for me one of the things I'd bring out is that I think there is a slightly strange relationship between the governors and the heads. Not as in its peculiar, drawing the parallel here we have non-executives on the board erm when you have a good relationship with them and they are treated in a way that I don't think we are treated as governors. I think we are...

$-BUSINESS

the governors and the heads. Not as in its peculiar, drawing the parallel here we have non-executives on the board erm when you have a good relationship with them and they are treated with in a way that I don't think we are treated as governors. I think we are...

Carolynne Tolerated?

Gov. 12 Tolerated, talked down to. That isn't the relationship that happens here or that we will be allowed to get away with. I think there should be in the nicest possible way a greater degree of respect and awareness of comments by governors. I don't just mean myself in terms of we are tolerated we try and get rid of the governors. The role of the board here is absolutely critical the
relationship between exec and 529 non-execs is absolutely critical. We 530 would never get away with some of the 531 things that are said to us as 532 governors.

Carolynne

It is a very tricky 535 relationship I think. Financial 536 literacy is closely linked with 537 people's ability to recognise the 538 financial consequences of any 539 decisions they make. From the 540 meetings it seems that governors are 541 very aware of the financial 542 consequences of the decisions they 543 make. Do you agree with that or not?

Gov. 12

No 546

Carolynne

No? 548

I don't think we are made 550 aware. I think examples I can't think of specific ones but we talked about 552 development which we have approved in 553 year but no clear view of what's 554 happening currently. From the point of view that we approve development in 556 year which is recurrent which many of 557 the ones are. What happens next year, 558 the year after from a resource 559 perspective? What's the context 560 against which we are taking the 561 decision? Are we taking the decision 562 against the background of knowing the resources will be there 564 recurrently to pick up the additional 565 costs in the future or are we taking a 566 risk? We should be clear about that. 567 I'm not saying the decision would be 568 any different but it should be a more informed decision. I feel quite strongly that many of the decisions 571 that are made we're not clear about 572 future consequences in terms of funding, we're not given a beef we very rarely get papers in advance, we get not given sufficient background information so again its all part of this culture and I don't think School A is particularly different. Its about bouncing us into decisions there and then and I don't think that's healthy.

Carolynne

It wouldn't happen here? 584

Gov. 12

No it wouldn't and to be honest I think requests for additional
investment for instance should be 588
clearly argued what are the specific 589
benefits? What are the alternatives 590
?erm my experience is we get shopping 591
lists on the night you know the 592
pressure is on to make a decision 593
that's not the right way to conduct a 594
business. If there is a need to make 595
urgent decisions that's fine and all 596
organisations have to have that 597
facility. The head has to have that 598
facility, but erm the majority of 599
decisions financial decisions can be 600
made in a reflective and sensible way 601

$FINCOM
in which the opportunities of the 602
$ governors to have foresight. I also 603
think that probably up until last week 604
and I wasn't able to go the governors 605
meeting we haven't had the overall 606
financial framework. We've had no 607
clear remit in terms of what the role 608
of the finance committee is and what 609
the role of governors is. What's the 610
role of the governors in terms of the 611
financial position of the school? Not 612
clear. We've all got a view on it. 613
think our role is about ensuring that 614
the school lives within available 615
resources but it's not been set down 616
anywhere I haven't read all the papers 617
from last week yet but it maybe that 618
the papers that went last week did set 619
that down. 620

Carolynne
All the terms of reference? 622

Gov. 12
But that was suddenly 625
appears is it just a coincidence that 626
the offsted inspector is around at 627
the same time? erm there's been no up 628
until then there has been no clear 629
definition of the role of the finance 630
committee. What's the role of the 631
finance committee? Don't know. We go 632
through the figures but what are we 633
there for? Are we there to make 634
decisions? To advise the other 635
governors what? 636

Carolynne
Yeah. OK. 638

Gov. 12
I am concerned I don't mean 640
it as a pedantic point again I'm 641
drawing a lot of parallels here if 642
something goes wrong where do we stand 643
in terms of our individual 644
responsibility and how we would 645
justify what we have done to the outside world. We are placing a lot of faith and reliance on information, tables, no advance knowledge, and we are making decisions what happens if it goes wrong? Don't know and that is scary.

Carolynne: It is really.

Gov. 12: I know where my responsibilities lie here ultimately if it goes wrong you get sacked. Hopefully it doesn't happen but I mean I know what is clearly what their responsibilities are enshrined they are set down we could next get away with laxity of approach that I perceive at School A. I mean School A I think is not untypical.

Carolynne: Right. How do think the effectiveness of school governors should be measured?

Gov. 12: Erm I think one way is, well it's showing that the standard of Education is a maintained and improved ensuring that specific performance targets like ensuring that financial resources are used wisely and in accordance with the level that been approved that happens. Percentage of performance targets in terms of % of children getting through exams. I think those are key issues. Teachers don't necessarily agree but I think they have to be. Erm I think for me there is something around measuring our performance by the level of informed debate and discussion and agreement about issues that we are presented with at even the full governors or the individual committees.

Carolynne: OK do you think that schools' would be a poorer place without school governors?

Gov. 12: Erm...... Yes.

Carolynne: For any particular reason?

Gov. 12: I think because the teachers the head would where would the degree of scrutiny be? I mean I'm not.
mean............ 704

Carolynne  You're not doubting their 706
performance? 707

Gov. 12  I'm not doubting their 709
performance and I'm not as you 710
gathered I'm not happy with the 711
current situation but I think if you 712
took that away. You can't just take it 713
away and not replace it with something 714
and I think if nothing else if the 715
head and the teachers have an 716
awareness that there are different 717
views then if nothing else the role of 718
governors has an important part to 719
play and I'm not sure how much more 720
effective than that we necessarily are 721
but we're back to the sense of the 722
relationship that we are tolerated and 723
whereas we are not seen I don't think 724
as willing active partners and as 725
people to be used. 726

Carolynne  What do you see as being the 728
most important role of school 729
governors? 730
#-GOVROLE

Gov. 12  I think its in a 732
constructive way providing that erm 733
support, control, assessment of what 734
school are doing. In the majority of 735
cases it would be to support the 736
school but I think again drawing a 737
parallel with here erm that ultimately 738
the non-executives and the governors 739
should be there to be constructively 740
critical. 741

Carolynne  A critical friend. 743

Gov. 12  Yes. And that is taken that 745
the comments and the role of governors 746
is taken by the teachers and the head 747
in that way. Comments should not be 748
made in terms of being destructive but 749
they should be constructive but they 750
should be taken in that spirit. 751

Carolynne  For improvement. Do you know 753
how many hours on average you dedicate 754
towards being a school governor? 755

Gov. 12  Not a huge amount I should 757
do far more but I just, I mean its, 758
that's the reality. I was hoping to 759
be able to put more into it. There's 760
ways of training, courses. 761
Carolynne: Have you been on any courses?

Gov. 12: No the one I tried to go on because of work so its with regret that I say to you that I don't spend enough time on it.

Carolynne: What do you find the most satisfying thing about being a governor?

Gov. 12: Erm a bit more of a sense of awareness about what's going on in the school and that there is an opportunity, which I can't always take out and offer a view. Again I do find that there is a tendency to bombard us with a lot of information, data again in a way I think we could be more effective if we were if the information we were presented with for instance at all the meetings but particular the governor meetings were sifted. We get bombarded with information and its is not always easy to pick out the main themes such for me part of the challenge is just to actually wade through the documents instead of well partly around that but partly the major issues to be flagged up in a way that says Are we happy with those? on how the school is responding or do we have a counter view?

Carolynne: What do you find the most frustrating thing about being a school governor?

Gov. 12: Erm well you've picked up some of the frustrations in terms of how we are presented with information erm not being able to put enough time into it.

Carolynne: Yes.

Gov. 12: It would be nice to put in more time.

Carolynne: If you could one single change that would improve your effectiveness as a governing body what would it be?

Gov. 12: Am I only allowed one? (laugh)
Carolynne Yes.  

Gov. 12 If you had a magic wand you get three.  

Carolynne This is the trimmed down version.  

Gov. 12 I think it would be around trying to develop this theme with the teachers and the head that we're there to support theme and that we should be cultivated rather than tolerated. I mean there are other things which I touched on but I that would probably be the main thing and I think if that could be brought about and it wouldn't happen over night.  

Carolynne  

Gov. 12 I think that would be the main thing. I think that's how it should work. I mean a simple example which has never happened which I was hoping might have happened at an event at Makeney we've never done any sort of team building. So you know we roll up at meetings, I know one of two or the governors in passing but we don't  

Carolynne Yeah work as a team.  

Gov. 12 Work as a team. Nobody, we don't sit down and say OK what are the major issues what should we be doing. Are there things we can improve? The climate doesn't seem to lend itself to that and.  

Carolynne Do you feel your skills are under-utilised and other people within the governing body?  

Gov. 12 Yeah. Oh yes definitely. Absolutely. And I also don't think it is just about the governors because I mean do you remember to discussion at the time at the finance sub-group where Tony was going on about we should raise more money. I don't think that is the only issue I think its about for instance when both of our two started school we had to well we didn't have to but we filled in a
fairly detailed questionnaire which must be on a data list somewhere which set out what we all did and ways in which we thought we could help the school. There's a lot of parents out there I feel.

Carolynne

With skills...That the school could tap into. For instance I don't know if they wanted to run a programme on Personnel issues, IT issues I could arrange that not because I am in a particularly privileged position but I think that opportunity is there but the school hasn't tapped into it and that's why Tony's comments about trying to raise more money fine but think its a bit broader than that. Trying to raise money is never easy but I think that school could benefit in other ways. You know to be fair the teachers have got a lot on their plate and its just not an area that they have tapped into.

Carolynne

OK that's all my questions. Erm have you got any other comments I've not touched on.

Gov. 12

I'm just interested how you find the experience but perhaps you don't want to say?

Carolynne

No I'm quite happy to say. For me it has been a complete learning experience. I knew nothing about school governors before I started this. I think there, a lot of what you have raised to day, I mean school governors tend to come together for the meetings and then go away again and that is bound to lead to a lot of being unsaid and not shared and in a way there too many ingredients in the pot and they don't necessarily work well and they could work a lot better. Everybody comes in with the right idea in terms of everybody wants to help, everybody wants to make the school better but whether that actually happens because the people who join the governing body are already stretched which is why they are useful to the governing body because they are people who are doing work in other areas. Schools are stretched the staff are stretched because they are trying to do the best they can for the pupils.
so everybody has the same intentions but things do tend to get the best doesn't come out of necessarily because of all these other issues. I think the idea is great but the reality perhaps doesn't quite live up to, I think it could be lot better.

Gov. 12

School A is fortunate because not all schools are oversubscribed for governors.

Carolynne

A lot of schools can't even get governors and you know the quality of the governors they get again not wanting to sound elitist but because they come from areas where people aren't in the same sort of position that people at School A and the other school I am looking at they are. I mean the very few schools I am looking at are very well served by their governors but some school can't even get them and when they do get them they don't have the skills to offer so what do they do? the headteacher just carries on regardless.

Gov. 12

Well Sue who you met she's I think she's still on the governing body at one of her children's schools. ?? They struggle to get the governors, the moans and groans I've given you I mean from what I gather the discussions that they have as a governing body are probably not even a patch on what we talk about and I'm not sure we have got it right. There is no right and wrong but relatively School A is well served.

Carolynne

It is.

Gov. 12

But is goes back I mean my father was a teacher, my sister is a teacher. I am critical of the teaching profession because I think they are a very insular profession. I don't mean that in a nasty way I just think they are very insular and there's a huge amount they could learn if they'd only realise there is a view what they say is right so I made a comment at the last governors meeting that there was a comment I don't know if you were there but the Ofsted inspector we were talking about the Ofsted inspector were you there?
Carolynne: The parents meeting or the governor's meeting?

Gov. 12: Well it was both. We met the governors met the Ofsted inspectors and then the parents met them.

Carolynne: I was there for the parents meeting.

Gov. 12: In the governors meeting she said what do you think makes it such a good school? OK lots of the governors were there and they said well it's down to the teaching and that's fine but you can't ignore the fact that the kids who go there generally come from good homes.

Carolynne: And people move there specifically to get their children in there.

Gov. 12: Exactly.

Carolynne: Which is a huge commitment isn't it?

Gov. 12: And there homes there, they tend to be people who as you say are doing reasonably well in life touch wood and I just think that if a school like School A realised that instead of just seeing it on the otherside I think the school could do even better and its that, well this isn't just about School A school but there is a sense among teachers and this is what I found and again just found that the sort of concepts that headteachers were grappling with they are several years behind where we are in the NHS and the NHS isn't good but this idea of personal development, building teams its a relate it to teachers its such a laborious discussion its like you are trying to send them to Siberia.

Carolynne: Yeah, yeah.

Gov. 12: With a lot of us its a case of get on with your own personal development or you don't get on.

Gov. 12: It almost seems the teaching profession, they won't accept that.

Carolynne: No well you get some very good teachers and some poor ones. The teaching environment is very close knit isn't it? And it sort of tends to perpetuate and I think that tends towards the governing body because you are seen as outsiders trying to interfere rather than willing volunteers who want to give to the school in a different way.

Gov. 12: Quite. I have the highest regard for (the headteacher), I have the highest regard for many of his colleagues, not all of them but the majority of the teachers there I think are excellent teachers the sort of teachers that you and I would have enjoyed being in their classes. One or two of them shades of people who taught me who were a waste of space, should have been kicked out. Erin put out to pension or whatever the right answer is and people that I feel...You have a good teacher you're inspired you would have thought that everybody thinks back to the ones you think brilliant.

Carolynne: Yes. 'You never forget a good teacher' is true you don't.

Gov. 12: There's one or two. I remember one teacher who thinking back I would say was unprofessional because erm I'd started my A' levels and he taught us economics and he was waiting retire and he spent the first year and every lesson was it was just a chat about current affairs and fortunately what happened was he left after the first year in the sixth form and he was replaced by a young enthusiastic teacher who used to work us really hard and he got us good marks in our A' level. If we'd had that first teacher we'd have had bad marks possibly fail and looking back just think people like that maybe they don't exist now. I resent the fact that I mean people like that because they have a major impact on yours mine, our children's future development and erm all walks of life we have them here in the NHS sphere.
there are bad teachers just are there 1117  
ar are bad NHS managers and you have to 1118  
do something about them. But the 1119  
teaching profession doesn't willingly 1120  
take that approach. As I say I must 1121  
emphasise that the majority of the 1122  
teachers that I have come across at 1123  
School A and clearly (the headteacher) I 1124  
think work very hard, good teachers. 1125  
If only. So when will we see you 1126  
report? 1127  

#
Appendix K

List of codes generated using ‘The Ethnograph’
<table>
<thead>
<tr>
<th>Code Word</th>
<th>Parent</th>
<th>Text</th>
<th>Level</th>
<th>Added</th>
<th>Modified</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCOUNTABL</td>
<td>None</td>
<td>Yes</td>
<td>1</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>accountability of governors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACCOUNTANT</td>
<td>None</td>
<td>Yes</td>
<td>1</td>
<td>21/07/01</td>
<td>24/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>mention of accountants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BIDDING</td>
<td>RESOURCES</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>advantages, disadvantages etc</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BUDGET</td>
<td>RESOURCES</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To do with the budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BUSINESS</td>
<td>None</td>
<td>Yes</td>
<td>1</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any reference to schools being treated as private organisations or making use of skills learnt in private sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CATER</td>
<td>None</td>
<td>Yes</td>
<td>1</td>
<td>21/07/01</td>
<td>24/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>to do with catering budget.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMMFINIMP</td>
<td>SATIS</td>
<td>Yes</td>
<td>4</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>communicating financial implications</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONFLICINT</td>
<td>None</td>
<td>Yes</td>
<td>1</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School being made up of number of stakeholders each with different interests</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DECISION</td>
<td>None</td>
<td>Yes</td>
<td>1</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>reference to any decision made by the governing body</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DETACHED</td>
<td>NONFINIMP</td>
<td>Yes</td>
<td>3</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governors are detached from the school. Has an effect on their perspective.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DFEE</td>
<td>CONFLICINT</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any reference to DFEE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Code Word</td>
<td>Parent</td>
<td>Text</td>
<td>Level</td>
<td>Added</td>
<td>Modified</td>
</tr>
<tr>
<td>-----------</td>
<td>--------</td>
<td>------</td>
<td>-------</td>
<td>--------</td>
<td>----------</td>
</tr>
<tr>
<td>DISATIS</td>
<td>PERFASSESS</td>
<td>2</td>
<td>16/07/01</td>
<td>00/00/00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EFFECT</td>
<td>RESOURCES</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EFFICIENCY</td>
<td>RESOURCES</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENTREPREN</td>
<td>None</td>
<td>Yes</td>
<td>1</td>
<td>24/07/01</td>
<td>28/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EXPERIENCE</td>
<td>GOVERNOR</td>
<td>Yes</td>
<td>3</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EXPERT</td>
<td>GOVERNOR</td>
<td>Yes</td>
<td>3</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FINCOM</td>
<td>RESOURCES</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FINDATA</td>
<td>RESOURCES</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FINLITERAC</td>
<td>RESOURCES</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GM</td>
<td>DECISION</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GOVEFFECT</td>
<td>PERFASSESS</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Disatisfaction due to doing job.

effectiveness of the school, governors, resource allocation etc

Efficiency of use of resources

Mention of private/school partnerships, fundraising etc. Going out looking for extra money

Refers to the effect that experience has on governors if any. i.e. long serving governors have different perspective than new ones.

Governors can be experts in their own field. Relevance of this.

Role/remit of the finance committee

Understanding of financial data

to do with financial literacy

Decision to become GM. implications of being GM

measuring effect of governing body
<table>
<thead>
<tr>
<th>Code Word</th>
<th>Parent</th>
<th>Text</th>
<th>Level</th>
<th>Added</th>
<th>Modified</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOVERNOR</td>
<td>PERFASSESS</td>
<td>PAR</td>
<td>2</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>anything to do</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>with the</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>governors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>themselves</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(as opposed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>to what they</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>do)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GOVROLE</td>
<td>MANAGEMENT</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>role of the</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>school governor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IMPROVE</td>
<td>None</td>
<td>Yes</td>
<td>1</td>
<td>24/07/01</td>
<td>28/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To do with</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>school</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>improvement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INEQUALITY</td>
<td>RESOURCES</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inequality of</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>funding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KIDS</td>
<td>CONFLICINT</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The school is</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>made up of</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>kids. Any</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>reference made</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>by governors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>to the kids.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEA</td>
<td>CONFLICINT</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>References to</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>the LEA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LOCAL</td>
<td>MANAGEMENT</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local perspective of governors compared to the distanced national one. The argument is they should have a better understanding because they understand the local issues.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MANAGEMENT</td>
<td>None</td>
<td>PAR</td>
<td>1</td>
<td>16/07/01</td>
<td>00/00/00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>anything to do</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>with the</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>management of</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>the school</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MANFIN</td>
<td>RESOURCES</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>managing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>finances of</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>the school</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MONEY</td>
<td>RESOURCES</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>References to</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>cash or money</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>directly.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Code Word</td>
<td>Parent</td>
<td>Text</td>
<td>Level</td>
<td>Added</td>
<td>Modified</td>
</tr>
<tr>
<td>--------------</td>
<td>--------------</td>
<td>---------</td>
<td>-------</td>
<td>---------</td>
<td>------------</td>
</tr>
<tr>
<td>NONFINIMP</td>
<td>DECISION</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The non-financial implications of decisions that are made.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERFASSESS</td>
<td>None</td>
<td>PAR</td>
<td>1</td>
<td>16/07/01</td>
<td>00/00/00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To do with assessing governors' own performance and the performance of the school.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PLANNING</td>
<td>RESOURCES</td>
<td>Yes</td>
<td>2</td>
<td>21/07/01</td>
<td>24/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To do with planning ahead. forward looking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POLITICS</td>
<td>MANAGEMENT</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>effect of politics on decisions made</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POWER</td>
<td>DECISION</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The belief held that governors make the decisions but frequently have a lack of real power to change things.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PREVEXPER</td>
<td>GOVERNOR</td>
<td>Yes</td>
<td>3</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any experience governors bring with them. previous experience.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRIORITIES</td>
<td>DECISION</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How are priorities decided, setting them, working towards them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RELWITHHEAD</td>
<td>MANAGEMENT</td>
<td></td>
<td>2</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>relationship between head and school governors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RELWITHSTA</td>
<td>MANAGEMENT</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>relationship with the staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RESOURCES</td>
<td>None</td>
<td>PAR</td>
<td>1</td>
<td>16/07/01</td>
<td>00/00/00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>any reference to the resources of the school.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Code Word</td>
<td>Parent</td>
<td>Text</td>
<td>Level</td>
<td>Added</td>
<td>Modified</td>
</tr>
<tr>
<td>-----------</td>
<td>---------</td>
<td>------</td>
<td>-------</td>
<td>-----------</td>
<td>----------</td>
</tr>
<tr>
<td>SATIS</td>
<td>GOVERNOR</td>
<td>Yes</td>
<td>3</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>The satisfaction governors get as a result of their role as governor</td>
<td></td>
</tr>
<tr>
<td>SKILLS</td>
<td>GOVERNOR</td>
<td>Yes</td>
<td>3</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Any reference to skills either brought with them or learnt on the job or considered necessary to the job.</td>
<td></td>
</tr>
<tr>
<td>STRATEGY</td>
<td>MANAGEMENT</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>21/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Direction of the school, vision</td>
<td></td>
</tr>
<tr>
<td>STRUGGLE</td>
<td>TIME</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>To do with the struggle at the beginning of becoming GM. Camaraderie. Pulling together. Working as a team.</td>
<td></td>
</tr>
<tr>
<td>SUCCESS</td>
<td>PERFASSESS</td>
<td>Yes</td>
<td>2</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>To do with success of the school. Distinct from failing schools.</td>
<td></td>
</tr>
<tr>
<td>TIME</td>
<td>None</td>
<td>Yes</td>
<td>1</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Anything which is affected by the passage of time. Times changing etc.</td>
<td></td>
</tr>
<tr>
<td>TIMINGINFO</td>
<td>FINLITERAC</td>
<td>Yes</td>
<td>3</td>
<td>21/07/01</td>
<td>24/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Timing of financial info</td>
<td></td>
</tr>
<tr>
<td>UNDERSTAND</td>
<td>None</td>
<td>Yes</td>
<td>1</td>
<td>16/07/01</td>
<td>16/07/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Any reference to the understanding of governors</td>
<td></td>
</tr>
</tbody>
</table>
Appendix L

NAHT Survey and Analysis of LEA Budget statements
1. Returns received from 143 out of 148 LEAS.
2. 47 LEAS still spend below their Education Standard Spending Assessment.

### £PER PUPIL FUNDING

#### PRIMARY

<table>
<thead>
<tr>
<th>Boroughs</th>
<th>Highest</th>
<th>£</th>
<th>Lowest</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>London Boroughs</td>
<td>Kensington and Chelsea</td>
<td>3019</td>
<td>Bexley</td>
<td>1971</td>
</tr>
<tr>
<td></td>
<td>Tower Hamlets</td>
<td>2922</td>
<td>Redbridge</td>
<td>1989</td>
</tr>
<tr>
<td></td>
<td>Westminster</td>
<td>2847</td>
<td>Bromley</td>
<td>2040</td>
</tr>
<tr>
<td>Metropolitan Boroughs</td>
<td>Birmingham</td>
<td>2240</td>
<td>Bury</td>
<td>1822</td>
</tr>
<tr>
<td></td>
<td>Manchester</td>
<td>2206</td>
<td>St Helens</td>
<td>1863</td>
</tr>
<tr>
<td></td>
<td>Liverpool</td>
<td>2195</td>
<td>Barnsley</td>
<td>1871</td>
</tr>
<tr>
<td>County Councils</td>
<td>Norfolk</td>
<td>2064</td>
<td>Derbyshire</td>
<td>1751</td>
</tr>
<tr>
<td></td>
<td>Surrey</td>
<td>2061</td>
<td>Staffordshire</td>
<td>1768</td>
</tr>
<tr>
<td></td>
<td>Essex</td>
<td>2034</td>
<td>Nottinghamshire</td>
<td>1800</td>
</tr>
<tr>
<td>Unitary Authorities</td>
<td>Slough</td>
<td>2254</td>
<td>Warrington</td>
<td>1809</td>
</tr>
<tr>
<td></td>
<td>Hull</td>
<td>2196</td>
<td>Stoke on Trent</td>
<td>1811</td>
</tr>
<tr>
<td></td>
<td>Portsmouth</td>
<td>2176</td>
<td>Swindon</td>
<td>1813</td>
</tr>
</tbody>
</table>

#### SECONDARY (INCLUDING 6th FORM)

<table>
<thead>
<tr>
<th>Boroughs</th>
<th>Highest</th>
<th>£</th>
<th>Lowest</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>London Boroughs</td>
<td>Kensington and Chelsea</td>
<td>3898</td>
<td>Bexley</td>
<td>2675</td>
</tr>
<tr>
<td></td>
<td>Lambeth</td>
<td>3615</td>
<td>Bromley</td>
<td>2699</td>
</tr>
<tr>
<td></td>
<td>Tower Hamlets</td>
<td>3554</td>
<td>Merton</td>
<td>2712</td>
</tr>
<tr>
<td>Metropolitan Boroughs</td>
<td>Liverpool</td>
<td>2886</td>
<td>Wakefield</td>
<td>2425</td>
</tr>
<tr>
<td></td>
<td>Birmingham</td>
<td>2793</td>
<td>Solihull</td>
<td>2446</td>
</tr>
<tr>
<td></td>
<td>Doncaster</td>
<td>2776</td>
<td>Tameside</td>
<td>2467</td>
</tr>
<tr>
<td>County Councils</td>
<td>Bedfordshire</td>
<td>2790</td>
<td>Gloucestershire</td>
<td>2379</td>
</tr>
<tr>
<td></td>
<td>Dorset</td>
<td>2788</td>
<td>Buckinghamshire</td>
<td>2404</td>
</tr>
<tr>
<td></td>
<td>Kent</td>
<td>2778</td>
<td>Staffordshire</td>
<td>2471</td>
</tr>
<tr>
<td>Unitary Authorities</td>
<td>Hull</td>
<td>3117</td>
<td>Stoke on Trent</td>
<td>2431</td>
</tr>
<tr>
<td></td>
<td>Slough</td>
<td>3018</td>
<td>Blackpool</td>
<td>2438</td>
</tr>
<tr>
<td></td>
<td>Southend on Sea</td>
<td>2893</td>
<td>Swindon</td>
<td>2507</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Stockton on Tees</td>
<td>2507</td>
</tr>
</tbody>
</table>