

Developing Leaders Decision-Making Skills: Considerations for Making the Decision to Privatize Services

Marlon Cummings
Governors State University

Henry Williams
Purdue University Northwest

Public-sector agencies are receiving less support from federal and state governments, and as a result, leaders seek out reform efforts to alleviate programmatic and financial strain. Using descriptive statistics and administrator voice, this research highlights data for evaluating the decision to privatize agency services within a public-sector system.

INTRODUCTION

As public agencies have gotten less support from federal and state governments, organizational leaders have begun seeking out reforms to alleviate programmatic and financial strain. Privatization or contracting arguably offers an opportunity for public organizations to provide services at a lower cost and increase their capacity to implement services. However, over time many public organization administrators have found that the claims made by private firms have fallen short of public organization expectations. There is a significant body of research on privatization; however much of it focuses on the practice, and does not offer a significant amount of research addressing the factors to consider when making the decision to privatize.

This research suggests that leaders may evaluate the decision to privatize differently especially in services that directly interface with key stakeholders. The following develops a framework for evaluating privatization using school services as context. This research will focus on school district implementation of the National School Lunch Program (NSLP) using a Food Service Management Company (FSMC).

DECISION-MAKING IN PUBLIC ORGANIZATIONS

We begin our examination of this phenomenon by first reviewing the structure of public organizations. For the purposes of this study, we are set to determine if organizational outcomes will benefit from leaders that utilize a culturally responsive frame when making decisions. By using the voice of administrators, this research developed a framework for evaluating the decision to privatize of public organization services through the lens of culturally responsive leadership to help determine an outcome.

The primary mechanism for organizations to influence processes is by designing its structure to achieve its specific ends. The structure of an organization refers to the relationship among the parts of the

organized whole, i.e. goals, resource allocation, administrative protocols, division of labor, system processes, and roles and relationships (Hatch, 2006). However, many of these components must contend with pressure that is not directly controlled by the organization. Consequently, the organization is responsive to not only needs of its employees, but also to the environment in which it exists. This influence from the surrounding environment or system approach is particularly applicable to public organizations.

PUBLIC ORGANIZATIONS AS SYSTEMS

System theory describes organizations as a group of interacting, interrelated, or interdependent elements forming a complex whole, including inputs, processes, outputs, feedback loops, and the environment in which it operates and interacts (Shafritz, 2005). As Senge (1990) suggests, open system thinking presents a framework of processes and interdependent relationships; a focus shift from individual pieces or moments in time. Restated, this concept realizes the connection between each component of an organization, understanding the impact of individual parts on the system as a whole.

In relation to organizational issues, system thinking does not isolate a particular cause to a certain problem, but examines the causality relationship or “feedback” to show how actions can “reinforce or counteract each other” (Senge, p. 442). The interconnectedness of the open system causes each part to be dependent on other parts, therefore making a change to one part of the system affect other parts. Using this lens, we highlight the connection that public organizations have to the culture of the environment it occupies. As a result, effective leaders serving in the public agencies will consider how their organization interacts with the surrounding environment and adjust their decision-making accordingly.

EFFECTIVE LEADERSHIP DECISION-MAKING IN PUBLIC AGENCIES

To better understand leadership in the context of public-sector agencies, Yukl defined it in terms of “individual traits, leader behavior, interaction patterns, role relationships, follower perceptions, influence over followers, influence over tasks and goals, and influence on organizational culture” (Yuki, 1989, p. 252). Cohen (1990) noted that leadership comes with astonishing authority and influence that can make the difference between success and failure. To achieve this success, leaders must possess the ability to accomplish their goals through the actions of others regardless of how capable they are themselves (Cohen, 1990). This ability comes with the desire to influence others. A leader must have the conditions or situation to lead and the motivation to do so (Popper, 2005). Winning the minds and trust of the individuals around him is a key requirement for a leader’s success (Williams, 2013).

For public-sector agencies to be a success requires that managers work as loyal, ethical representatives of public policies and principles (Lynn, Heinrich, & Hill, 2000). In general, public-sector managers seem to be regarded as bureaucrats, as opposed to leaders (Barzelay, 2001). Control in public-sector agencies is top-down, excluding other levels of management and support staff from important decision-making. Many managers in the public sector view themselves as transactional leaders; they do not see themselves as change agents or initiators of change but hold onto their jobs by not “rocking the boat” and maintaining a long-term agency perspective based on the political atmosphere (Bohte & Meier, 2000; Boyne, 2003). Because of the nature of politics surrounding government agencies such as municipalities, school districts, and counties and state agencies, it is much too difficult to define in one manuscript. Nevertheless, some areas can be covered that will provide a broad understanding of public administration in its entirety. The focus for this research is developing an additional framework for public agency leaders to evaluate decision, with particular focus on the use of privatization in times fiscal stress.

Financial condition is a complicated concept that has a variety of accepted methods and measures that allow governmental leaders to make determinations of their financial health. With simplicity desired for those who must utilize and calculate condition, often times one measure of condition may be put forth as an accurate measure. However, while singular measures are very useful, alone each of them underestimates other essential aspects of condition that require consideration. It is clear that attempting to

measure financial health based on the whims of constituency or the political aspirations of political figures poses a number of challenges. Nevertheless, to truly understand financial condition, these factors require some attention, which can often be accomplished through combining measures. Still an important consideration of combining multiple measures of financial condition is that single factor measures often fail when combined together due to continuity (Berne and Schramm, 1986). So while the combining of measures is desirable, great care should be taken when attempting to do so to ensure that errors in measurement can be kept to a minimum. Yet, the measure we propose is one that uses an additional lens when measures are used singularly or combined, and before final decisions, like privatization, are implemented.

EXAMINING PUBLIC-SECTOR AGENCY USE OF PRIVATIZATION

Researchers have identified several factors influencing public agencies utilization of privatization for the implementation of programs and services. From a simply pragmatic perspective, privatization may lead to better cost-efficiency in public services (Levin and Belfield, 2003; Turner, 2001; Savas, 2000; Miranda and Lerner, 1995; Rothenberg-Pack, 1987). Another increasingly overriding reason public agencies are moving towards privatization is a growing sentiment that government is too large and untrustworthy. From this viewpoint, free markets would be a better option for the ailments of society (Hart et al., 1997; Boyne, 1996; Moe, 1987; Pack, 1987). Combined with this notion is the populist view that people should be allowed to address the needs of their community locally and not rely on the decision making of a large, distant, bureaucratic structures (Savas, 2000).

To accurately understand the way that privatization influences public agency services, researchers offer some definitions and provide rationales for its usage. From a general public agency perspective, privatization primarily focuses on utilizing private firms to perform functions for which public agencies still monitor and finance, with the policy aspects of programs remains in the hand of government officials (Hefetz and Warner, 2004; Brown, 1995; Doyle, 1994). This definition is useful for understanding privatization in public agencies; however when examining school district lunch programs there are other considerations. Private firms, or in this case Food Service Management Companies (FSMC), still are held accountable for adhering to the regulation and mandates in NSLP and can be contractually held responsible for violations (USDA, 2009; Turner & Simister, 2001; Thompson, 1986; Turner, 1986). So for the purposes of this research, there will be two definitions which indicate privatization's primary functions: (1) a shift of activities or functions from the State to the private sector; and, more specifically, (2) a shift of the production of goods and services from public to private (Savas, 2000).

The theoretical potential of privatization to alter organizational capacity has increasingly prompted public organization administrators to examine privatization as an option. This overview is used here as context for understanding why organizations historically may choose to privatize and to provide foundational knowledge around the topic. While the privatization of food services typically is low on the priority list for school districts, there are two reasons why it makes for a useful example context: the availability of data on privatization in NSLP is extensive and the influence that NSLP has on stakeholders is especially relevant when considering the impact changing demographics has on the program, make this service a great example for examining this phenomenon.

School districts often make the decision to privatize their food service programs with incomplete empirical data to support the decision; however, a cost-effectiveness-community (CEC) analysis provides a clear-cut way for making a comparison between self-operation and contracting. This methodology expands administrators' traditional methods for analyzing the decision to privatize. Stemming from cost-efficiency and adding to what know about cost-effectiveness, CEC adds more and more information to understanding privatization's influence on the various forms of capacity and other factors influencing implementation.

COST-EFFICIENCY VERSUS COST-EFFECTIVENESS

School district administrators and other public-sector managers tend to focus on measures of cost-efficiency and do not take a more detail approach to evaluating implementation strategies like privatization. Cost-efficiency is the extent to which a program is expected to convert its resources/inputs (funds, expertise, time, etc.) into results in order to achieve the maximum possible outputs, outcomes, or impacts with the minimum possible inputs (Boyles, 2005; Levin and McEwan, 2001; Cyert and March, 1992). While this is a suitable approach for keeping costs down, it does not provide enough information for adequately evaluating privatization.

Under the privatization model in the school district context, only focusing on costs may potentially result in a reduction in program quality and may cause services to miss desired outcomes. For example, in school district lunch programs, it may cost less to serve students liver every day and still allow districts to meet the primary NSLP regulations. However, because students do not prefer to eat liver, the participation drops. This results in a program that is efficient in terms of the money being spent to meet program goals, but because participation is low, the district may not meet its own goals of having a large percentage of student participation each day. To address this, district administrators can move to methods of analysis that account for their predetermined goals.

Cost-effectiveness (CE) analysis refers to a method for combining appropriate measures of outcomes with costs so that program and policy alternatives can be ranked according to their effectiveness relative to resource use (Levin, 2001; Levin and McEwan, 2000). In essence, the alternatives are evaluated against one another with the best results relative to costs and district goals being the ones that are most attractive for adoption.

Given the differences between types of policies, programs, and interventions, all of these factors may not be required for analysis. In order to identify the important factors necessary for cost-effectiveness, researchers should be clear about the level of analysis and scope of the change (Levin and McEwan, 2002; Borman and Hewes, 2000) and there are ways to simplify this process. School districts can focus on only the incremental or additional factors that are required for various interventions instead of including all costs. Additionally, Levin and McEwan (2001) provide five categories to organize factors, dividing them into groups that have common properties; they use the breakdown of: (1) personnel, (2) facilities, (3) equipment and materials, (4) other program inputs, and (5) client inputs. Although the categories identified above are not all encompassing, they do provide a solid foundation on which to build cost-effectiveness studies.

COST-EFFECTIVENESS-COMMUNITY ANALYSIS

Through cost-effectiveness analysis, school districts gain a more detailed picture of the outcomes of privatization with respect to cost; however school administrators may find that an assessment of the internal and external community is useful in making final decisions. Cost-Effectiveness-Community (CEC) analysis is a process that recognizes that the decision to change implementation strategies may not be purely a cost driven decision. It recognizes that the internal and external community plays some role in how decisions are made (Hatch, 2006; Henig et al., 2003; Malen, 2003). And as a result, cost-effective analyses may come second to politics and other internal or external forces.

This analysis helps administrators evaluate what influences or interested parties may attempt to influence decisions. For example, some choices made by administrators may not make sense for the academic success of students, but politically it works because school board members and parents may support it. Each school district may have several factors influencing the selection of privatization or other alternative interventions that do not always focus purely on cost-effectiveness. As a result, this type of analysis is an additional valuable tool for evaluating interventions.

Every intervention uses resources that have valuable alternative uses. For example, a program for raising student achievement requires personnel, facilities, and materials and because of the existence of this program, these resources are being utilized that could potentially be applied to other educational and

non-educational needs (Levin & McEwan, 2000). And when a cost-effectiveness analysis is performed, evaluators can, at least in theory, determine how changes based on a particular intervention compare with the conventional methods.

So while cost-effectiveness analysis does provide a more in-depth, accurate procedure for evaluating the differences between interventions beyond the current available data, it is important to remember that cost-effectiveness analysis cannot measure how resources or other opportunity costs are transferred to other areas of the district. Furthermore, Levin and McEwan (2000) state that since cost analysis alone cannot tell us whether a particular alternative is relatively more desirable than another, researchers should incorporate information other measures of program effectiveness or methods for comparing interventions.

SUMMARY

Public organizations continue to utilize contract services as a part of their overall administration and it is not surprising that this trend would eventually seep into public school districts. The theoretical potential of privatization to alter organizational capacity has increasingly prompted school district administrators to examine privatization as an option. Like other public agencies, private firms offer district administrators the option to relinquish control over service delivery, and arguably help improve processes and reduce costs.

School districts, like other public agencies, seek out privatization to improve their ability to implement services by transferring the responsibility to professionals that can lower program costs and maintain some level of service. This trend has been increasing in school districts, especially with respect to the delivery of school support services, like school lunch, maintenance services, student transportation, and other services. Overburdened district administrators view privatization as reform effort that can alleviate the daily responsibilities of management and provide some financial relief. Specifically, districts hope privatization can improve their structural, human, and financial capacity to implement services. Yet, the decision is often made without considering all the factors. For example, competing organizational agendas, the potential for disgruntled staff, and a reduction in administrator control offers some caution when making this decision. Furthermore, the community may not be receptive to privatization, making a seamless integration difficult. However, by providing school districts with more useful data on privatization and the factors mediating the successful program implementation, officials can make more informed decisions on whether or not privatization is the option for their district. To this end, this research will serve as a tool for school districts and public agencies in understanding how to evaluate the decision to privatize and determine under which conditions this strategy works best.

METHODS

This study used an exploratory mixed method research design, utilizing a cost-effectiveness-community analysis (CEC), which includes quantitative data (school district demographics, the total costs of school district food service programs, and the outcomes of state audits) and qualitative data stemming from interviews with district administrators about the decision to privatize the program. This research design was used because it is useful when researchers are not clear on what specific variables are important to examine, when the topic is new, or when the topic has not been addressed with the particular perspective currently being utilized (Creswell, 2008). While there is research that discusses the privatization of school support services (Mackinac Center for Public Policy, 2008; Mac Iver and Stringfield, 2000; Mac Iver, Balfanz, and Plank, 1998; Brown, 1995; Doyle, 1994) and more specifically the privatization of school lunch program (Weaver-Hightower, 2011; Segal, 2004; Schmieder, et al., 1996), they do not provide data on cost effectiveness or the influence on administrator time.

This research focuses on school districts in Illinois (IL) that privatized their school food service through the use of a Food Service Management Company (FSMC). For comparison, school districts of equivalent size (range of schools) were randomly selected that did not contract with a FSMC. Through interviewing and cost-effectiveness analysis, this research evaluates how district leaders make the

decision to privatize district services and seeks to determine how they utilized cultural competency to influence their decision.

School districts were selected for this study that have been identified as at least 50% low income based free and reduced-priced representing approximately 72% of the public organizations in Illinois that privatized their food service. School districts in IL have two primary options for privatizing their district food service (ISBE, 2009): privatize all aspects of food service and allow private vendors to manage staff and produce food, or contract out the production of food, maintaining staff as employees; both were included. Based on data from the 2013/2014 school year, there were 274 school districts in Illinois that privatized their food service programs in one of these ways.

Data for school years 2005 to 2015 for public organizations utilizing Food Service Management Companies (FSMC) and were obtained from the Illinois State Board of Education (ISBE) Freedom of Information Act (FOIA) website. All additional variables were obtained from National Center for Education Statistics (NCES). The final interview sample consisted of the following: two districts that privatized their entire food service program, two districts that only privatized the production of meals, and two districts that remained self-operated.

RESULTS

Determining Cost-effectiveness

To review, research question one asked, how does the use of privatization in school district food service programs influence cost-effectiveness? In order to answer this research question, first the cost of the program at each of the school districts was determined using the ingredients method. As a reminder, the ingredients method (Levin, 2000) -also called factors here-relies upon the notion that every intervention uses factors that have a value or cost; this research evaluated the factors that are required for FSMC management versus self-operation of school district food service. To simplify this comparison, this research utilized hierarchical linear modeling as a method of comparing the influence of these factors to mediate cost-effectiveness and program adherence. As defined by Levin and McEwan, the five main cost categories to separate and compare are: (1) personnel, (2) facilities, (3) equipment and materials, (4) other program inputs, and (5) client inputs. These are general groups and do not apply to every situation and as a result, this research utilized the following groups: personnel, equipment and materials, and other program inputs. For each school district, actual financial data was obtained for school district years 2007-2008 through 2009-2010.

The personnel, equipment and materials, and other program input data obtained from the districts made up the total dollar expenditure spent on food service. For the 'personnel' category, the number of full-time and part-time workers was collected for each district to better evaluate the influence that this would have on the costs. The data shows that there is a measureable difference in the number of full-time and part-time staff and illustrates that the SELF districts require much more overall staff. With regards to 'equipment and materials', these costs are included in the total food service budget. While none of the districts purchased any major equipment that fell outside of their food service budget there are some material costs that should be counted.

**TABLE 1
TOTAL FOOD COST PER DISTRICT FOR SRUDY TIMEFRAME**

School District ID	Management Style	Total Food Expenditure (2008-2010)
1	FULL	\$443,000
2	FULL	\$7,896,000
3	VEND	\$710,000
4	VEND	\$3,614,000
5	SELF	\$17,024,000
6	SELF	\$861,000

Program Effectiveness

This study utilized one factor to determine effectiveness; program adherence to NSLP regulations was utilized as a determinant of effectiveness. The ISBE Coordinated Review Effort (CRE) audits a number of categories; however only six areas can be managed by FSMC: Counting & Recording Daily Meal Totals, Meal Pattern Requirements, Meal Service Portion Sizes, Menus Planning, Maintenance of Food Production Records, and Food and Beverage Requirements (Part 205) which prohibits food high in saturated fat, calories, carbonated beverages and other unhealthy foods.

An evaluation of program adherence was done for each school district during the last CRE. For each area evaluated, a school district received a '1' if the area had no issues and a '0.5' if the district had an issue. Therefore a school district that had no issues at a review would receive a CRE score of 6, and school districts with issues would have numbers below this value. The particular issue that was in error is not important because the evaluation of CRE or audit effectiveness looks at overall program adherence weighting the individual areas equally. This information is provided in Table 2.

**TABLE 2
PROGRAM ADHERENCE/ PROGRAM EFFECTIVENESS, AUDIT FINDINGS**

School District	Counting & Recording	Meal Pattern	Meal Service	Menu	Meal Production	Part 205	Composite Program Adherence
2	1	0.5	0.5	0.5	0.5	1	4.0
3	0.5	1	1	0.5	1	1	5.0
4	0.5	1	1	1	0.5	1	5.0
6	1	1	1	1	0.5	1	5.5
1	1	1	1	1	1	1	6.0
5	1	1	1	1	1	1	6.0

Now having program cost, (C) and CRE audit outcomes, (E), we can then calculate the cost-effectiveness, (C/E) of implementing NSLP in the sample school districts. This information is displayed in Table 3.

**TABLE 3
COST EFFECTIVENESS BASED ON ISBE CRE AUDITS**

School District ID	Contract Type	Cost of Food Service	Composite Effectiveness	Cost Effectiveness – Program Adherence
1	FULL	0.443	6.0	0.073
3	VEND	0.710	5.0	0.142
6	SELF	0.861	5.5	0.156
4	VEND	3.614	5.0	0.657
2	FULL	7.896	4.0	1.974
5	SELF	17.024	6.0	2.837

District 1 appears to be the most cost-effect program, followed by District 3, then District 6 (Table XX). However these numbers are somewhat misleading. Smaller school districts would appear to have better cost-effectiveness ratios because they have overall smaller costs for food service. If only evaluating the effectiveness, then Districts 1, 3, 5, and 6 would appear to be the most effective, with Districts 1 and 5 having the best program adherence as measured by the CRE. Nevertheless, it is difficult to compare districts solely based on their cost-effectiveness value because of the differences in school district budget size. For future research, a regression analysis of all the factors should be performed to better account for these differences and to make comparisons easier.

Community Factors - Interview Process

The interviews illustrated that the district leaders recognized factors other than costs that were important to maintaining a high quality food service program. Administrators provided information that was offered five factors that aligned well with the existing literature on privatization. The interviews also highlighted that while the school district administrators expressed concern about program costs and management, much of the discussion focused on making decisions based on their stakeholder concerns.

The final sample had six school districts from various locations (rural, urban, suburban) across Illinois. Information for each district was collected from the district’s website, the State of Illinois website, the Illinois Interactive Report Card website, and from the city websites where the districts are located. The following provides highlights from the interviews, focusing on broadening our understanding of the influence of district or community philosophy through the use of a cultural responsive approach to organizational decision-making. Table 4, District Information illustrates some about the school districts.

**TABLE 4
DISTRICT INFORMATION**

District Number	Size of District (no. of schools)	District Population	Locale	Years as Admin.	Type of Privatization
District 1	3	1,120	Rural	5	Contract: Meals and Staff
District 2	9	6,300	Urban	14	Contract: Meals and Staff
District 3	3	1,280	Suburb	17	Contract: Meals Only
District 4	4	3,400	Suburb	25	Contract: Meals Only
District 5	5	12,500	Urban	10	Self-Operated
District 6	4	1,065	Rural	20	Self-Operated

From the interviews we find ten similarities across district interviews that offer some consideration when making the decision to privatize. Table II highlight five factors that align well with the existing research on privatization (1-5) and five that expand this knowledge base (6-10). The use of cultural responsiveness (represented as the administrator’s philosophy/community environment), along with cost, was found to be the only two consistent factors across all districts. The use of this factor in making the decision to privatize, is one that is not generally addressed in existing literature and was true for both contracted and self-operated districts.

TABLE 5
FACTORS CONSIDERED BY DISTRICT ADMINISTRATORS

Considerations for Making the Decision to Privatize	
1	Maintaining cost-effective programs is a concern for school district administrators. (Levin and Belfield, 2003; Miranda and Lerner, 1995; Turner, 2001; Rothenberg-Pack, 1987; Savas, 2000)
2	Administrators may select privatization to remove the burden of day-to-day management issues. (Brown, 1995; Hunter, 1995; Mac Iver et al., 1998; Savas, 2000;)
3	A lack of available competition for school district bids can mitigate the decision to privatize. (Chamberlin and Jackson, 1987; Kent, 1987; Miranda and Lerner, 1995; Savas, 2000)
4	The quality of food service programs can be influenced, often negatively, as a result of privatization. (Ascher, 1996; Brown, 1995; Chamberlain and Jackson, 1987; Epple and Romano, 1996; Henig, 2002; Levin and McEwan, 2002;)
5	Maintaining local staff was an important determinant when administrators made the decision to privatize. (Brown, 1995; Moe & Kosar, 2005; Savas, 2000)
6	Districts new to NSLP find privatization to be the more seamless, cheaper option regardless of other factors.
7	The size of the district is a consideration when making the decision to privatize and it can dictate the volume of student participation and flexibility.
8	Administrator’s philosophy on education and community environment was a driver for the decision to privatize.
9	Administrators believed that maintaining some level of control was important to sustained cost-effectiveness.
10	Additional time and resources are hard to measure after the first year of privatization and is not primary concern for district administrators.

From the perspective of administrators and their school boards, they felt that serving quality meals was important and the style of implementation was a key factor in quality. This often meant maintaining some control over contractors (outsourcing meal production only) or not having any at all. Yet, for the two districts, privatization offered quality well beyond what was currently being done in-house. The struggle administrators faced was managing perceptions of quality, often dictated by parents or disgruntled students. Below are excerpts from administrators stressing these points:

- Like in transportation I’m doing deficit spending, in food service I’m not. And I’m providing a service that was better than what we had before and for kids that may not have food at home. (AD1)
- Our primary goal is to get the food here on time...and make it palatable for the students, which is probably the biggest challenge with all the nutritional changes this year. So I know

my board is asking me to look at other vendors right now, because they don't think a vended meal is something that looks good. (AD2)

- Food service is weird, half the kids will like something and half the kids won't like it. And if they go home and complain to their parents, then we start to see that low quality impact how students eat and our bottom line. However, over the years we have been able to work through those issues. (AD3)
- Sometimes you'll hear parents say, we'd buy more lunches, but we don't like it or my kid won't eat it...And then in a K-8 district like this one, it's harder to come up with a lot of different things to offer kids. Right now we only offer one meal [per day] and that's it. (AD3)
- If your goal is to provide a quality, good tasting meal to the kids in the community that they can afford, that's where the numbers game comes in you and you may need to privatize. But it depends where the line is drawn with volume, type of community, and what you have to charge. (AD4)
- I've been in districts where all the staff was in-house and I can't say whether I think one is necessarily better than the other, but being in this role, strictly from an education standpoint, I prefer leaving that up to what I call the experts and let them do that work. I think it's our best shot at having high quality (AD4)

Several of the administrators also discussed maintaining the district's connection to the community. They saw it as showing dedication to the district community by ensuring that the community was represented in each of the schools. Below are some illustrations of these points:

- I prefer to have people in the community, so that the money stays in the community. We have good people that have worked with us for a number of years; they're housewives locally, parents of some of our children. You don't need to pay for someone else to come in. That makes all kind of sense to me. (AD1)
- We're a relatively large school district, a very traditions-based district. There's a lot of history here and there is a great support base from the community that's been long-standing...there's always been a lot of community support for this district. This is important to us and we try to consider that in every decision we make. (AD2)
- And kids that eat sweet corn, they don't eat peas. Why are you serving them peas? Put corn on the menu. You look at cost efficiency and...why do we serve chicken nuggets so much; because the kids like chicken nuggets. When you serve chicken nuggets the meal counts go up 10%, so why not serve chicken nuggets. You serve fresh chicken, you have to peel off the bone and it goes down 25%? (AD3)
- Whether that's transportation, custodial/maintenance services, or food services is that we've always taken the position that if we can get our own people, the people that we pick, into those areas, to provide the services, treat them fairly, compensate them, then we're going to see a return in services that's going to be much better quality (AD4)
- We have a lot of people that come to us very skilled and we have others that have never spent a day in a kitchen. And in both scenarios we teach them. I have people working in my production areas that have never cooked a day in their life and are excellent cooks or bakers at this point. (AD5)
- I think that the flexibility we have in responding to community and student needs we've changed the look of the menu quite a bit to provide a greater service to students that are eating on those lines. A few years ago we noticed that our demographic was changing significantly. For example, it used to be we had a couple of standby vegetarian options, now we have it on the menu every day. Little things like that we have some control over. (AD5)
- Our staff is really receptive to what we ask of them...we do monthly trainings with the managers and then they relay the information and make sure practices are being followed. We teach them. (AD6)

However, in the end, much of the decision revolved around managing community and school board expectations with rising costs, less support from state and federal agencies, and maintaining enough control to ensure quality. Excerpts from the interviews expressing these sentiments are below:

- In the end the outcome is still going to be the same; you are serving kids nutritious meals. I know that I need to focus on curriculum, so if there is one thing that I can outsource and it meets my needs I'm going to do that because it's not costing me any difference. (AD1)
- As long as they have an understanding that we're here to educate and they are providing a support service and that's not demeaning it in any way but it's important that they do what we hired them to do so we can do what we're supposed to be doing. (AD2)
- Assuming both quality or cost is going to meet the nutritional value, then it's gotta be cost because I don't think I could sell to our board a higher cost right now because everyone is hurting for money. (AD3)
- We have seen a significant change in our demographics so certainly the increase in free and reduced eligible students, that points to again the most important part for many of those students and I believe that the nutritionist point to the data that states there is a direct relationship to healthy eating, kids, and learning. Having control allows us to adjust to these changes and respond to all student needs. (AD5)

OVERVIEW OF FINDINGS

The administrators in this study felt that providing quality meals to their students was part of providing them a complete educational experience. They each felt that this philosophy or approach to education was directly tied to the role that the community played in the school district. Additionally, the interviews highlighted that program quality and subsequent costs are also directly connected to the decision to privatize. For example, poor program quality may potentially negatively impact the effectiveness of food service programs. If students and/or parents become dissatisfied with the quality of food being served in the district's food service program, this could negatively impact the volume of participation, thereby negatively influencing cost-efficiency of the program.

From the interviews we learn that operating a cost-efficient, quality program delivery requires balancing each of these factors found in the interviews. However, connecting decision-making to the community concerns offers opportunities for greater long-term success, and program or policy fidelity. Understanding this is especially important when decisions directly impact stakeholders. In most contexts, privatization involves service delivery, which typically means direct interaction with individuals.

CONCLUSIONS

This research illustrates the challenges in determining cost-effectiveness but highlights how the various types administrators use their own philosophy and understanding of community context when making the decision to privatize. More importantly, it illustrates that the success of contracting or choosing any method of program or policy implementation is not solely dependent on finances, but an understanding the context or environment of where the program will be implemented and making considerations of the culture of the stakeholders impacted by that decision.

The goal of this study is to determine how leaders can make the decision to privatize and offer them the opportunity to provide factors that went into their decision-making process. The factors provided will then be compared to established research on privatization in public services. The hope is that there will be places where this research aligns with current research and also expand our understanding by offering new information. For example, administrators can provide data on the community influences on decision-making. Additionally, the research hopes to also build a deeper understanding of how time and other resources are impacted by privatization.

School districts often have different goals when implementing policies and programs, and these goals when alter their calculation of costs and measurements of effectiveness. With regards to costs, one district may include the cost of the janitor, because they have someone that is dedicated to maintaining this area of the building. However, another district may place all janitorial staff in a completely separate billing account. This will inherently impact the differences between what these districts (accounting for size) spend when implementing school district lunch programs. Nevertheless, for each district this is the correct costs, nor right or wrong, just ensuring that all costs are included. The same differences can be seen when measuring effectiveness.

Since school districts may have different goals, the way that school districts measure effectiveness may vary. Levin and McEwan (2001) remind us that measures of effectiveness are left up to the evaluator; therefore, school districts may potentially take into account different factors when measuring effectiveness. This is when the district's philosophy of how you educate a child becomes relevant. For example, if a school district feels that food service is an essential part of the educational experience in their district, measures of effectiveness may include student surveys, student and parent complaints, and administrative perceptions of food quality. On the other hand, if a school district is new to NSLP then their primary goal may focus on just on basic implementation. So instead of user feedback, they may focus on ISBE audits, cafeteria operations, and student participation as measures of effectiveness. Still another school district may be a mix of these or they could have completely different measures of effectiveness. The particular measure are not what is most important (although they may be some that all agree on like ISBE audits or student participation), yet school districts will have to evaluate their goals of the program and align measures for these goals to accurately determine cost-effectiveness.

The interviews illustrated that the administrators recognized factors other than costs that were important to maintaining a high quality food service program, but these variables were typically not included in their final decision-making. Administrators provided information that offered five factors that aligned well with the existing literature on privatization. The administrators in this study with contracted services elected to privatize because they were seeking cost-effective programs and did not want the task of managing the program on a daily basis. Yet, the interviews also revealed that while the school district administrators expressed concern about cost-effectiveness, much of the discussion focused on cost-efficiency. Conversely, the self-operated district administrators felt that costs were better controlled in-house, with little regard to the administrative burden. However, under both contract scenarios, maintaining staff from the community was a central concern, but it would not outweigh the importance of keeping costs low. Both privatized and self-operated school districts in this study recognized that there is often a lack of competition for school district contracts and with privatization there is a chance that the quality of services may diminish.

Finally, the interviews help to increase our understanding of factors that administrators may consider when privatizing school district food service programs that is not easily found in the existing literature. For example, two districts in the study were new to NSLP and selected the ease contracting versus building their program internally. This is not a distinction made in the existing literature. Additionally, some of the administrators discussed how issues of district size and expected volume of student participation, influenced how they examined the decision to privatize. Another significant determinant of the decision to privatize that not generally addressed in existing literature is the influence of district or community philosophy on the decision to privatize. This was a factor for both districts that contracted and those that did not. And despite the desire to relinquish the task of day-to-day management, both sets of administrators discussed the importance of maintaining some level of control over district services to ensure low costs and quality service.

IMPLICATIONS FOR FUTURE RESEARCH

There are several opportunities for future research as a result of the findings. More research is needed on decision-making in school districts and other types of public agencies for organizational changes, especially as it relates to privatization or outsourcing. While agencies are not solely using cost to make

the decision, many could benefit from a more robust approach. Our research specifically highlights the challenges with using cost as a primary factor for organizational changes and suggests a cost-effectiveness-factor approach. Yet, more research is needed to understand the practical application of cost effectiveness analysis for decision-making for both educational organizations and other public agencies. Using cost-effectiveness, organizations can focus their agency towards outcomes and goals, rather than only using cost considerations.

REFERENCES

- Banks, J. A. (1993). Multicultural Education: Historical Development, Dimensions, and Practice. In *Review of Research in Education, Vol. 19*, edited by L. Darling-Hammond. Washington, D.C.: American Educational Research Association.
- Beachum, F. (2011). Culturally relevant leadership for complex 21st-century school contexts. In *The SAGE handbook of educational leadership: Advances in theory, research, and practice*. 2d ed. Edited by Fenwick W. English, 27–35. Thousand Oaks, CA: SAGE.
- Bohte, J., & Meier, K. (2000). Goal displacement: Assessing the motivation for organizational cheating. *Public Administration Review*, 60(2), 173–183.
- Boyne, G. (2003). Sources of public service improvement: A critical review and research agenda. *Journal of Public Administration Research and Theory*, 13(3), 21–27.
- Brown, F. (1995). Privatization of public education: Theories and concepts. *Education and Urban Society*, 27(2), 114-126.
- Cohen, W. A. (1990). *The art of the leader*. Englewood Cliffs, N.J.: Prentice Hall.
- Creswell, J.W. (2008). *Educational research: Planning, conducting, and evaluating quantitative and qualitative research, 3rd Ed*. Upper Saddle River: Pearson.
- Cummings, T. G., & Worley, C. G. (2009). *Organizational development & change (9th ed.)*. Mason, OH: South-Western.
- DuFour, R., & Eaker, R. (1998). *Professional learning communities at work: Best practices for enhancing student achievement*. Bloomington, IN: Solution Tree.
- Gardiner, M. E., & Enomoto, E. K. (2006). Urban school principals and their role as multicultural leaders. *Urban Education*, 41(6), 560–584.
- Gortner, H. (1981). *Administration in the public sector*. New York: Wiley.
- Ladson-Billings, G.J. (1995). Toward a theory of culturally relevant pedagogy. *American Education Research Journal*, 35, 465-491.
- Lynn, L., Heinrich, C., & Hill, C. (2000). Studying governance and public management: Challenges and prospects. *Journal of Public Administration Research and Theory*, 10(2), 233–261.
- Mac Iver, D. J., Balfanz, R., & Plank, S. (1998). *An 'elective replacement approach to providing extra help in math: The Talent Development Middle Schools' Computer and Assisted Mathematics Acceleration (CATAPA) Program*. Baltimore, MD: Johns Hopkins University Center for Social Organizations of Schools.
- Mac Iver, D. J., & Stringfield, S. (2000). Privatized delivery of instructional services for urban public school students placed at risk. *Educational Evaluation and Policy Analysis. Vol. 22*, No. 4, pp. 375-382.
- Mackinac Center for Public Policy. <http://www.mackinac.org/> (2008). Retrieved on March 11, 2009 from <http://www.mackinac.org/10332>.
- Mayrowetz, D., Murphy, J., Louis, K. S., & Smylie, M. A. (2007). Distributed leadership as work redesign: Retrofitting the job characteristics model. *Leadership and Policy in Schools*, 6(1), 69-101.
- McCray, C., & Beachum, F. (2011). Culturally relevant leadership for the enhancement of teaching and learning in urban schools. In *The international handbook of leadership for learning*. Edited by Tony Townsend and John MacBeath, 487–502. Dordrecht, The Netherlands: Springer.

- Ogbu, J. U. (1995). "Understanding Cultural Diversity and Learning." In *Handbook of Research on Multicultural Education*, edited by J. A. Banks and C. A. M. Banks. New York: Macmillan.
- Popper, M. (2005). *Leaders who transform society: What drives them and why we are attracted*. Westport, CN: Praeger Publishers.
- Santamaria, L. J. (2013). Critical change for the greater good: Multicultural perceptions in educational leadership toward social justice and equity. *Educational Administration Quarterly*.
- Savas, E.S. (2000). *Privatization and public-private partnerships*. New York: Chatham House Publishers.
- Schein, E. (2010). *Organizational culture and leadership, (4th ed.)*. San Francisco: Jossey-Bass.
- Schmieder, J., MaCann, S., & Townley, A. (1996). *Privatization of school food services and its effect on the financial status of the cafeteria fund in participating California public school districts*. American Educational Research Association, New York, NY.
- Schmoker, M. J. (1996). *Results: The key to continuous school improvement*. Alexandria, VA: Association of Supervision and Curriculum Development.
- Segal, G. F. (2004). *Privatization means more funding. Public Policy Sense (3)*. Bluegrass Institute.
- Spillane, J. P., Halverson, R., & Diamond, J. B. (2004). Towards a theory of leadership practice: A distributed perspective. *Journal of Curriculum Studies, 36(1)*, 3-34.
- Weaver-Hightower, M. B. (2011). Why education researchers should take school food seriously. *Educational Researcher, 40(1)*, 15-21.
- Williams H.E. (2013). *The formula for Good Public-Sector Managers: An Exploratory Sequential Study Using the Most Valuable Performer Survey Data to Test the Competencies and Behaviors of Public Sector Managers*.
- Wlodkowski, R. J., & M. B. Ginsberg. (1995). *Diversity and Motivation: Culturally Responsive Teaching*. San Francisco: Jossey-Bass.
- Yukl, G. (1989). Managerial leadership: A review of theory research. *Journal of Management, 15(2)*, 251–289.