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Teachers and performance pay: a study of the effects of pay for performance in state schools in England and Wales 2000-2015, and the role of the teachers' unions[1]

DRAFT

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1. Introduction

The quality of teaching is widely believed to be a major factor in the quality of education received by students. It is also widely believed that well-trained and highly motivated teachers are key ingredients of teaching quality (Murphy, 2011a, b). Many of those engaged in public policy, including in many OECD countries, believe that pay and performance management for teachers can make an important contribution provided the right system can be found (OECD, 2005). This view has been taken in Britain by successive governments and in several reports of the School Teachers' Pay Review Body, for example in 1999, 2007 and 2012.

This paper presents first results of a long-term study to examine the relationship between teachers' pay and teaching performance in primary and secondary schools in England and Wales. Linking pay to performance is not new for teachers in England and Wales. It has existed for school leaders in various forms since the introduction of the new pay structure in 1991, and was introduced for classroom teachers with the 'Threshold' system in 2000.[2] The philosophy underlying this system was that practicing teachers should pass through a special Threshold Assessment in order to progress from the former Main Scale to a new Upper Pay Scale comprising three additional points. This is based on an evaluation of their teaching, including an element of pupil performance. Below the Threshold, progress up the Main Scale was by seniority, whereas further progress along the Upper Pay Scale was to be performance related. The then Education Secretary, Estelle Morris, had pressed for the upper scale to be 'tapered' so that proportionately higher standards were required for each step. Research evidence showed that the Threshold system had some initially positive effects on performance (Atkinson et al, 2004, 2009, Marsden and Belfield, 2007). However, reporting in 2012, the School Teachers' Pay Review Body (STRB) judged that these had disappeared during the subsequent years. It recommended a reinvigorated link between pay and performance for all classroom teachers in England and Wales (STRB, 2012), and greater flexibility for Threshold progression.

Introduced in 2013/2014, the new scheme links salary progression on the Main Pay Scale to performance, thus replacing progression by seniority, and providing more flexible pay scales (DfE 2013). It also seeks to reinvigorate the link with performance for the Threshold Assessment and for progression along the Upper Pay Scale. Schools have been given greater autonomy as to how they determine performance criteria and the methods of assessment. In addition, they will no longer be bound by scale points, national pay fixing being confined to determining the minimum and

maximum salaries for each scale. Although the new scheme links pay progression to teachers' performance reviews in schools in both England and Wales, there are some important differences in how it operates between the two countries.

Teachers' performance is assessed by means of reviews conducted by senior colleagues, who may themselves be classroom teachers, especially in large schools. In these performance reviews, teachers discuss their objectives for the coming year, and their performance is appraised against those of the previous period as well as against teachers' standards. Individual teachers' objectives are meant to be related to their school's general objectives as set out in the School Development Plan, and the system is designed to link objectives of individual teachers with those of their school as a whole. In theory, the discussion can be two-way, covering both agreeing objectives and determining what forms of organisational support will be provided, such as further professional development. When performance reviews and the Threshold were introduced, many teachers feared that formulaic targets, based on student test scores, would be imposed on them, despite guidance to the contrary from the DfEE (1999).

General oversight of the appraisal system within each school is the responsibility of the school's governing body to which the head reports. The quality of the performance review system, both within schools and nationally, is also subject to the scrutiny of the national school inspectorates, Ofsted in England and Estyn in Wales.

The survey was carried out by online questionnaire sent to a random sample of teachers in England and Wales in late January-March 2014 who were members of the teachers' unions, who represent over 80% of teachers in primary and secondary schools in England and Wales. The survey attracted over 4000 responses from classroom teachers and over 200 from school leaders, of which about two-thirds were fully completed. The results presented in this paper are unweighted. Full results are available in Marsden (2015).

2. Arguments for and against linking pay to performance in schools

Research on performance pay for teachers comprises a number of interrelated strands. Although each may be logically distinct, many practitioners would regard them as dealing with different, but complementary, facets of school life, and posing difficult trade-offs for both classroom teachers and school leaders. The first strand is based largely on research up to the late 1990s which was broadly sceptical. Murnane and Cohen (1986), concluded that performance pay had not spread greatly in the US, despite a number of experiments, because it was not suited to the special nature of teachers'

work. Richardson (1999), and Dolton et al (2003) reached similar conclusions reviewing British evidence. Teaching involves teamwork; attempts to link pay to student results mechanistically can be divisive, and may encourage 'teaching to the test' and grade inflation. Although pay levels are a frequent source of dissatisfaction among teachers, financial incentives are not a major source of motivation (Vaarlem et al. 1992); many teachers have other intrinsic sources of motivation, such as a sense of achievement.

For the second strand, more recent work by economists suggests that teachers may improve their teaching in response to financial incentives (for example: Atkinson et al, 2004, and Lavy, 2004, 2009, Muralidharan et al., 2011, and Podgursky, 2007). Lazear's (1996) study showed that enhanced performance rewards may also contribute to recruiting high productivity employees. Lavy's study additionally explores some of the methods by which teachers sought to respond to the incentives, such as improved pedagogy, increased effort, and focussing on particular groups of students.

The third strand draws on the management literature, and takes another angle on the question. It looks at how the ways in which teachers' classroom goals are determined and evaluated affect performance outcomes. Folger and Cropanzano (2001) argue that employee perceptions of the fairness of the methods by which goals are set and performance evaluated play a critical role in their effectiveness. If teachers believe management lacks the competence to undertake these processes, or is biased in its evaluations, then the outcome could as easily demotivate them. Reviewing research on employee appraisal, Levy and Williams (2004) argue that employee voice plays an important part in making goal-setting and appraisal effective: top-down imposition of goals by management, and appraisal against these is less effective than involving employees in both the setting and the feedback. A similar point is made in relation to goal setting by Locke and Latham (2002): employees are more likely to take ownership of their work goals if they have been involved in their selection, and the goals are also more likely to be based on better information.

The fourth strand relates to the role of professional influences on teachers' work. In professional occupations, workers' expert knowledge gives them a major advantage over both the employer and recipients of their services. There is wide scope for self-seeking behaviour, that is, taking advantage of such knowledge to reduce effort and provide a sub-standard service (Kleiner, 2006). Often this is restrained by professional norms learned during training and by socialisation within the profession. On the other hand, professional norms may conflict with organisational priorities. For example, school leaders may want improved exam success for their schools whereas teachers may want to promote their pupils' intrinsic interest in their subjects. The process of reconciling organisational

and professional priorities can be discussed at employer and union level, but the critical level which affects how work priorities are applied in the classroom needs discussion between individual teachers with school leaders. Unless individual teachers agree to changes in work priorities, they are hard to enforce. Thus, the appraisal and goal-setting process includes and element of negotiation, requiring give and take on both sides (Marsden 2004).

A fifth strand relates to the internal organisational pressures on management to be lenient, which can be a common problem with performance pay based on appraisals by line-managers. The need for cooperation from their staff in order to be able to do their own jobs, can sometimes cause managers to lenient with appraisals, and to award performance pay on the basis of seniority. These may be held in check by the external pressures on schools from public inspection reports, and from a quasi-market informed by public data on school performance, which families may use when selecting schools. This gives schools an incentive to achieve good results and to develop identities for particular types of education (Glennerster, 2002). One may hypothesise that the stiffer local competition from neighbouring schools, the greater the pressure on school leadership teams to use goal setting and appraisal effectively.

This study explores the potential effects of performance pay by means of a number of indicators. Some are attitudinal and relate to potential effects on teachers' motivation. The latter are widely used by researchers in management and organisational psychology on the ground that motivation precedes action. Others relate to work behaviour, such as the prioritisation of different tasks in the classroom relate directly to performance, and the use of non-directed time. All types of effects need to be considered because employees' performance may sometimes improve even without their positive motivation, for example, as a result of increased management pressure or tougher economic conditions.

3. Preliminary results on teachers' attitudes to PRP

The main psychological theories of work performance stress the importance of motivation. Lawler's 'expectancy theory' argues that to be motivated, employees have to value the rewards, have scope to increase their performance by greater effort or skill, and believe that management is both capable of identifying good performance, and will play fair by doing so. Hence, a natural point to start is by asking teachers whether they believe the new scheme will motivate them.

3.1 Teachers' views on performance pay overall

About 60% of the teachers responding to the survey said they opposed the principle of linking pay to performance for teachers (Q1, Table 1). A similar percentage disagreed that it provides proper reward to good teaching (Q2), and nearly 80% disagreed that it would result in a fairer allocation of pay within schools (Q3). These percentages are broadly similar to those recorded at a similar point before the first outcomes of the Threshold system in 2000.

Associated with this general scepticism about performance pay in principle are negative views about its value as an incentive and whether schools can deliver. Few thought it would give an incentive to improve the quality of their teaching (Q5), and encourage them to remain in teaching (Q6). There was also scepticism that it would make them take their performance reviews more seriously (Q4). Many thought that its individual focus would conflict with team-working (Q7), and many thought their schools could not afford to pay for improved performance (Q8), and feared that school leaders would use it to reward their favourites (Q9). The percentages show a similar pattern to that prevailing at the same point before the Threshold was introduced in 2000.

The last two questions in Table 1 relate to teachers' views concerning teacher performance: that good teaching does make a difference to their students' achievements (Q11), and more importantly, that there is significant variation in teaching effectiveness among experienced teachers in their schools (Q12). This shows that despite their scepticism about paying for performance, respondents recognise that there are real differences in teacher performance. These percentages are also comparable with those found in 2000.

Table 1. Teachers' views about linking pay to performance in schools

	Linking pay progression to performance:		Disagree	Neutral	Agree
	Fairness and recognition				
1	It is a good principle.	2014	59.7	16.8	23.5
		2000	*63.6*	*11.9*	*24.5*
2	It means that good teaching is properly rewarded.	2014	64.3	14.0	21.6
		2000	*53.7*	*20.7*	*25.6*
3	It will result in a fairer allocation of pay.	2014	79.3	12.4	8.3
		2000	*73.1*	*15.3*	*11.5*
	Incentives and retention				
4	It will make me take the objectives of my performance review more seriously.	2014	57.1	20.7	22.2
		2000	*48.4*	*28.7*	*22.9*
5	It will give me a real incentive to improve/sustain the quality of my teaching.	2014	73.8	18.5	7.6
		2000	*80.0*	*8.4*	*11.6*
6	It makes it more attractive for me to remain a teacher.	2014	82.9	12.1	5.0
		2000	*54.4*	*23.0*	*22.5*
	Perceptions of delivery				
7	The link is problematic because it is hard to relate the work done in schools to individual performance.	2014	4.7	8.4	87.0
		2000	*4.4*	*5.6*	*90.0*
8	Even if my performance is good enough, I doubt if my school can afford to reward me with a pay rise.	2014	8.3	18.9	72.8
		2000	*4.4*	*9.2*	*86.5*
9	Leaders will use performance pay to reward their favourites.	2014	10.4	20.0	69.6
		2000	*15.7*	*29.3*	*55.1*
	Pupil performance and effective teaching				
10	It is good that individual teachers' pay should take some account of pupil performance.	2014	55.8	21.6	22.6
		2000	*57.1*	*17.4*	*25.5*
11	Teachers who do their jobs well make a real difference to their pupils' learning.	2014	1.5	7.1	91.5
		2000	*0.8*	*1.7*	*97.4*
12	There is significant variation in teaching effectiveness among experienced teachers in my school.	2014	18.3	27.0	54.8
		2000	*24.5*	*16.5*	*59.0*

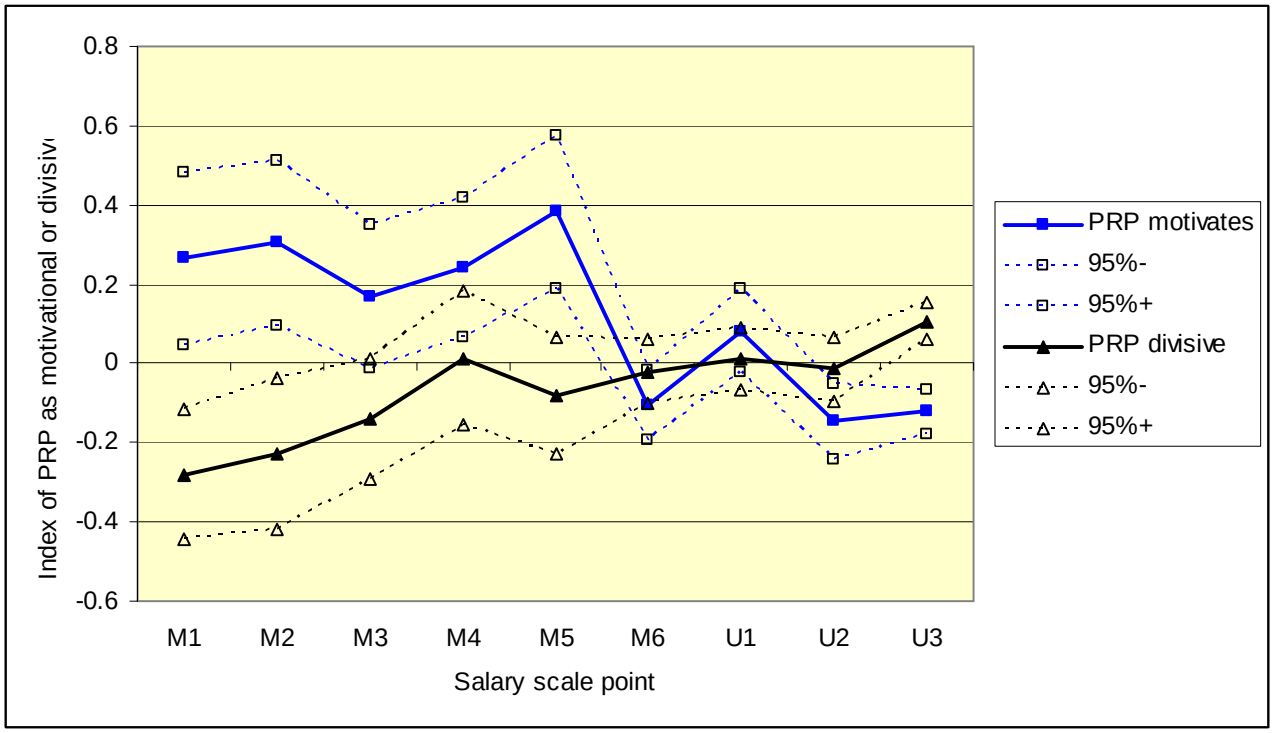
Notes: response to questions: in 2000, c 4,200, and in 2014, c. 2,950, excluding missing cases. Year 2000 responses were weighted by sample fractions by school type; 2014, overall random sample of individual teachers.

3.2 Attitudes to performance pay and position on the teachers' pay scales

Teachers' positions on their respective pay scales influence the opportunities and risks they experience with the new scheme. Those at the bottom of the Main Scale may see an opportunity to progress more rapidly than in the past. Those on the Upper Pay Scale, where progression has been performance-related for many years, might be expected to be less concerned by the new scheme. In fact, both groups of teachers are quite negative about performance pay, although Main Scale teachers appear moderately less so about all the questions on linking pay to performance. (see Figure 1). Upper Pay Scale teachers are more negative about the questions on fairness and recognition, and more pessimistic on delivery, except for possible favouritism where the difference

between teachers on either scale is small and not statistically significant. Upper Scale teachers are also a bit more negative about its effect on incentives and retention than Main Scale teachers.

Figure 1 Teachers' views on motivation and divisiveness of linking pay progression to appraisal



Notes: The indexes of whether PRP is motivational or divisive are based on a factor analysis using the questions in Table 1. Factor analysis produces an index whose mean is zero, and for which about two-thirds of responses fall within plus or minus 1. The dotted lines show the margin of statistical error such that there is a 5% chance that the true figure lies outside the range between the upper and lower 95% lines. The wide margin of error for motivation and divisiveness for salary points M1-M3 reflects the greater variation among the answers by teachers on these points and their smaller sample numbers.

3.3 School atmosphere: commitment to the school, and trust in its leaders

The social environment and teachers' feelings of being part of a group to which they feel committed may also affect views on performance pay. It is sometimes argued that use of financial incentives can 'crowd out' more pro-social types of motivation (eg Osterloh and Frey, 2000). Those who undertake many parts of their job 'for the good of the' school as an organisation or as a community, may feel that this conflicts with the assumptions of incentive pay, that emphasise both the economic side of the exchange, and the contractual authority of managers. The most recent evidence comparing teachers with other occupational groups in Britain is provided by the Workplace Employment Relations Survey (WERS) for 2011. The same questions were asked in the LSE teachers' survey, and they also show high levels of commitment among teachers, and where similar questions were asked in 2000, they confirmed the picture.

Table 2 Commitment to schools by teachers.

	Disagree	Neutral	Agree
I am proud to tell people who I work for			
Teachers 2014	12.3	21.6	66.1
Teachers 2000	10.7	21.5	67.8
WERS 2011 teachers	5.3	14.1	80.6
WERS 2011 all employees (excl teachers)	9.3	23.2	67.6
I share many of the values of my organisation			
Teachers 2014	11.4	14.1	74.6
WERS 2011 teachers	3.9	8.9	87.2
WERS 2011 all employees (excl teachers)	7.9	27.7	64.4
I feel loyal to my organisation			
Teachers 2014	12.9	15.3	71.8
WERS 2011 teachers	4.8	8.1	87.0
WERS 2011 all employees (excl teachers)	7.9	17.5	74.6
Using my own initiative I carry out tasks that are not required as part of my job			
Teachers 2014*	3.5	28.0	68.5
WERS 2011 teachers	3.8	12.4	83.9
WERS 2011 all employees (excl teachers)	9.1	20.4	70.5

Notes: * Teachers 2014 classified responses on initiative as 'never', 'sometimes' 'quite often' and 'very often'. 'Sometimes' was classified as 'neutral' and quite and very often as 'agree'.

The quality of the objective setting process is often the weak link in performance pay systems. If it is done badly, employees often feel that the system is unfair and arbitrary. A first cut at this question was made by taking the more objective questions on teachers' latest objective setting meeting, and computing a similar index to those above. These questions were chosen in preference to the more judgemental ones on this process because they are least likely to be coloured by teachers' views on commitment, trust, and performance pay. The questions selected include whether specific objectives had been set, they related to the School Development Plan, they included measures of pupil progress, whether how they would be monitored was clear, and whether the respondent knew how they would be linked to pay progression. The results underline the importance of the review system in schools. Teachers who experience good objective setting procedures are less likely to consider performance pay divisive (45:55%), and more likely to feel committed to their schools (56:43%), and to trust their schools' leadership (59:41%). This association bears out the idea that objective setting and appraisal play a very important part in building a good ethos in schools, and can be the weak link in incentive systems based on peer and management evaluation. However, it does not establish causation. For example, it is possible that tense relations in schools make it very difficult to conduct an effective appraisal and objective setting system.

4. The impact of appraisal on various performance outcomes

4.1 Changes in classroom practices

Turning to the outcomes from appraisals, teachers were asked whether appraisal had led directly to changes in different aspects of their classroom practice, including such items as classroom management, instructional practices, handling student discipline, and focusing on improving student test scores. If appraisal is to improve performance, then one would expect it to work through concrete changes in such practices. One of the key findings of Lavy's (2009) study was to trace a path from the incentive scheme in his sample of Israeli schools through classroom practices to student performance. The list of practices in Table 3 is close to that used in the OECD's TALIS international study of schools to enable future comparisons (OECD, 2010). The great majority of teachers reported either no change or a small change, suggesting that objective setting and appraisal are not widely used to address these questions, or if they are, the effect is relatively small. It is possible that pre-Threshold teachers would benefit more from such advice than experienced teachers such as those on the Upper Pay Scale. However, a first test cross-tabulating each of the practices in Table 3 with whether or not a teacher was on the Upper Pay Scale showed there were no statistically significant differences.

Table 3 Teachers' views on how appraisal and objective setting at their school has changed various aspects of their teaching.
(Row percentages)

	No change	A small change	A moderate change	A large change	Not applicable
Your classroom management practices	46.4	22.3	18.9	8.4	4.0
Your knowledge and understanding of your main area or subject field	65.6	14.5	11.2	4.8	3.9
Your knowledge and understanding of instructional practices in your area	58.3	18.6	13.7	4.4	5.0
Your development or training plan to improve your teaching	49.7	24.2	15.7	6.1	4.2
Your handling of student discipline and behaviour problems	73.3	11.9	6.9	3.3	4.6
Your teaching of students with special learning needs	65.3	16.1	8.9	4.4	5.2
Your teaching students in a multicultural setting	76.7	5.7	3.3	1.2	13.1
The emphasis you place on improving student test scores in your teaching	29.2	15.2	19.7	30.9	5.0

Notes: Question: Has the process of appraisal and objective setting at this school directly led to, or involved, changes in any of the following aspects of your teaching? Number of responses: 3124-3136.

4.2 Does appraisal address the factors underlying differences in teaching effectiveness

A second test of how effective a link appraisal and objective setting could establish between pay and performance is to consider how appraisal deals with the reasons attributed to variations in teaching effectiveness (Table 1 Q12). Providing support to less effective teachers is one way in which schools can raise their overall performance. The results of the current survey are shown in Table 4 for both classroom and head teachers. They are broadly similar between the two groups and for 2000 and 2014. The main difference is that classroom teachers place more emphasis on workload difficulties. This may be because head teachers have a more synoptic view of the link between workload and effectiveness than classroom teachers especially in large schools. Another possible factor is the current level of concern among teachers about workloads.

As in 2000, differences in teaching skills and in the ability to motivate their pupils are among the most important reasons, and so one might think that improved professional development would be the most suitable remedy. The ability to motivate pupils in most cases would seem also to be a skill that can be learned. Morale and motivation are often somewhat diffuse issues that need to be explored in order to find remedies, as is often the case with workload problems. Thus, these would seem to be issues for which financial incentives may have an indirect effect, but the appraisal and objective setting meetings would seem necessary in order to give them focus.

Table 4 Reasons given for differences in teaching effectiveness among experienced teachers in their school *(column percentages)*

	Classroom teachers			Head teachers	
	Main reason 2014	Second reason 2014	*Main reason 2000*	Main reason 2014	*Main reason 2000*
Differences in teaching skills	24.4	18.8	*23.5*	50	*44*
Differences in motivation and morale	28.7	28.8	*31.5*	19	*24*
Differences in age	2.1	5.1	*1.4*	1	*1*
Differences in the ability to motivate pupils	9.9	16.6	*21.3*	18	*18*
Difficult workload	32.8	25.3	*12.8*	5	*6*
Other	2.2	-	*5.9*	7	*7*
Multiple reasons			*3.6*		
N	2853	2644	*3055*	95	*260*

Source: 2000 and 2014 surveys

To explore the issues addressed by appraisals and objective setting, head teachers and classroom teachers and who had carried out appraisals were asked how appraisal had addressed a number of issues, including those teachers thought related to teaching effectiveness (Table 5). Both groups think that they contribute to teaching effectiveness by means of professional development,

imparting a sharper focus on work priorities, and relating them to those of their school. Both groups also thought that the reviews provide an

Table 5 Appraiser and head teacher views on how appraisal has helped in their school

	APPRAISERS (Classroom teachers)			Head Teachers		
	No	Hard to say	Yes	No	Hard to say	Yes
Appraisals help:						
More systematic focus on work priorities	26.2	22.6	51.2	7.7	21.2	71.2
Opportunity to discuss poor performance	23.4	20.0	56.6	18.8	20.0	64.7
Address problems of teacher morale or motivation	55.3	20.6	24.2	45.4	23.7	30.9
Identify and resolve difficult workload issues	65.5	16.4	18.1		Na	
Teachers with difficulty motivating students	48.1	27.1	24.8	47.7	31.1	21.2
With professional development needs		na		15.1	17.0	68.0
With difficult workloads		Na		46.4	33.1	20.5

Notes: respondents: Classroom teachers 944, Head teachers: 170

opportunity to discuss issues related to poor performance, and help identify teachers professional development needs. In contrast, most appraisers thought that reviews did not help them to address problems of teacher motivation and morale, difficulty to motivate students, and workload. It is perhaps a reflection of this that only one fifth thought reviews represented good value for money in terms of the time invested in them.

In summary, while the appraisal process appears to do well on the elements specified in regulations, it appears to do less well, according to teachers, on the supportive elements, and according to appraisers, it appears to provide only limited help in tackling some of the sources of less effective teaching. It also appeared to score modestly on stimulating changes in classroom practices that might lead to improved teaching, with the notable exception of a greater emphasis on improving students' test scores.

4.3 Impact on work priorities and teachers' use of non-directed hours

One of the aims of appraisal and objective setting, backed up by performance pay, is to facilitate alignment of teachers' classroom objectives with those of their schools. Clearly, no school relies exclusively on appraisal to achieve this, and there are many other occasions when teachers and team leaders work together on objectives, but the justification of appraisal related pay progression is that it should support this process. Such discussions are particularly important in occupations where employees are relied upon to exercise a good deal of discretion in their jobs, as this relies on agreed priorities. One notable area of work discretion in schools concerns teachers' non-directed hours. These relate to non-timetabled activities which are a required part of a teacher's job, and because

time allocation depends on a teacher's discretion it will reflect their work priorities. Thus, an increased emphasis on student results might lead teachers to allocate more of their discretionary time to lesson preparation, whereas if the emphasis were on subject knowledge or instructional techniques they might allocate more time to professional development. To explore this question more fully, we shall need to await the findings of the second wave of this study, after performance pay has been fully introduced. Nevertheless, preliminary results from the first wave illustrate the potential for change in teachers' working time allocation.

Among respondents, the median full-time teacher worked 18 hours a week of non-directed time. This was spread across a number of activities, ranging from lesson preparation through to individual professional development (Table 6). With some allowance for answers based on memory, it is clear that more than half of non-directed time is used for lesson preparation and student feedback, followed by administration and meetings, as indeed it was in the 2000 survey. These are averages for all teachers, and there are variations: for example more experienced teachers need to do less preparation, but they also spend more time on leadership activities.

Respondents were asked to select the two main reasons for undertaking these activities (Table 7). Giving a high quality of education is prominent among the replies in both 2014 and 2000, especially for lesson preparation and seeing parents and pupils. This is consistent with the large numbers reporting that the sense of achievement and other intrinsic aspects of their work attracted them to teaching. Signs of work pressure are also apparent: 'getting the work done' for preparation and administrative activities. There also appears to be a subtle change from 2000 in terms of management direction becoming more prominent for meetings, administration and professional development in 2014 compared with benefiting the school and quality of education in 2000. In 2000, the performance review system was in the process of being set up, and so did not figure among the reasons for use of non-directed time. However, in 2014, meeting objectives of the performance review had become the most important reason cited for individual professional development, displacing the more diffuse and less directed idea of 'quality of education'.

Table 6. Distribution of non-directed time across different activities.

Non-directed activity	Percent of non-directed time 2014	% non-directed time 2000
Lesson preparation and marking (including report writing, pupil records, etc)	54.8%	54
General administrative tasks (e.g organising resources, general record-keeping, photocopying)	16.2%	14
School/staff management meetings, management activities etc (including appraising staff)	11.1%	11
Seeing parents and pupils outside class time (e.g for additional help with work, guidance)	7.7%	10
Involvement in school clubs, sports, orchestras etc.	5.1%	5
Individual & professional development activities (e.g professional reading, courses, conferences, and being trained or being appraised)	5.1%	5
Total %	100	100
Hours (non-directed time)	18.4	17
N	2989	3939

Notes: Data for 2000 from Marsden (2000: Table 3). Percentages of hours computed on the basis of the total hours teachers reported for each activity. Total non-directed hours as reported in the survey returns, and relate to the most recent full teaching week at the time of the survey. Total hours based on full-time teachers. Percentages of time use for full and part-time teachers.

Table 7 Most important reasons for undertaking selected activities outside directed hours

	2014		2000	
	Main reason	Second reason	Main reason	Second reason
Lesson preparation etc.	Quality of education (50%)	Get the work done (22%)	Quality of education	Get the work done
General administrative tasks	Get the work done (47%)	Management pressure (12%)	Get the work done	Benefit the school
School/staff management meetings etc	Management pressure (32%)	Activities occur after school hours (25%)	Management pressure	Benefit the school
Seeing parents and pupils outside class time	Activities occur after school hours (23%)	Quality of education (20%)	Activities occur after school hours	Quality of education & don't want to let down colleagues & students
Involvement in school clubs etc	Activities occur after school hours (22%)	Benefit of my school (19%) & enjoy the work (18%)	Activities occur after school hours	Benefit of my school & enjoy the work
Individual professional development activities	Meet the objectives of my performance review (17%)	Activities occur after school hours (14%)	Quality of education	Activities occur after school hours
Other				

Notes: 2000 data from Marsden (2000 Table 3).

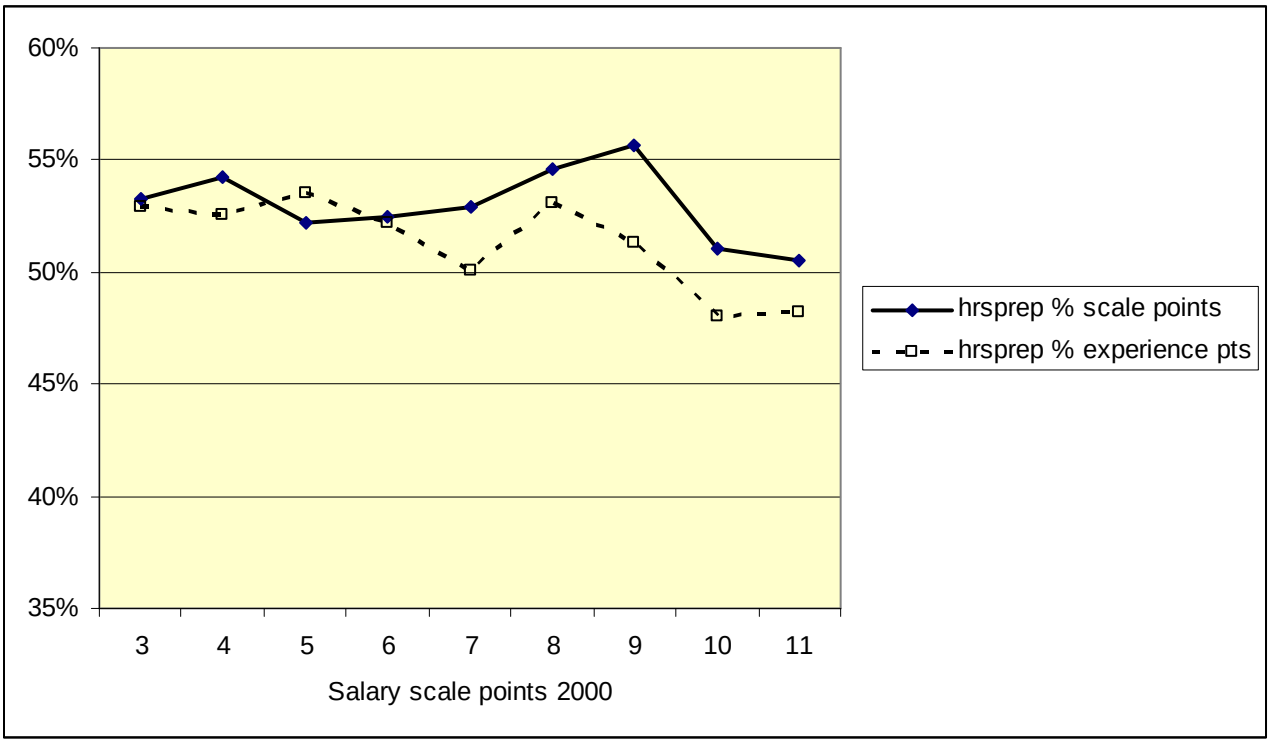
The potential effect of performance management on teachers' work priorities can be illustrated by the introduction of the Threshold in 2000 on how teachers allocated their time between different activities, and notably towards lesson preparation. In 2000, it concentrated the 'prize' for good performance at the top of the old Main Scale, Point 9. [3] With the 2000 reforms, teachers approaching the Threshold had the prospect of moving onto the new Upper Pay Scale. The results of both the CEP study (Marsden and Belfield, 2007), and that of Atkinson et al. (2007), using different methodologies, suggested that the Threshold did have an impact on teachers' work and

contributed to improved test results for their students. Atkinson et al emphasised the incentives for individual teachers eligible for the Threshold, whereas Marsden and Belfield highlighted more general improvements in coordinating teachers' and school goals through performance review. These are not mutually exclusive, and the impact can be seen in increased allocation of non-directed time to lesson preparation, that is activities that were likely to be most beneficial for passing the Threshold. At the time, there was much discussion of including measures pupil progress as part of the assessment.

Figure 2 shows that in the run-up to Point 9, where most teachers could apply for the Threshold, there was a moderate increase of about three percentage points to 55.5% of non-directed time. Because many teachers also held responsibility points, the second series shows the percentage of preparation time by scale point excluding responsibility points, and so gives an approximation to what were then called 'experience points' of which there were nine.[4] This series may also include the effect of points awarded for other types of duties, and it is possible too that some respondents misreported their responsibility points. Nevertheless, with some allowance for potential inaccuracies, both series show that teaching preparation time increased in the run-up to Threshold eligibility in 2000. A separate analysis of total non-directed hours by scale point for both series shows no equivalent increase between points 8 and 9, so one may conclude that the extra time for lesson preparation was diverted from other activities. Teachers were changing their work priorities in response to the Threshold.[5]

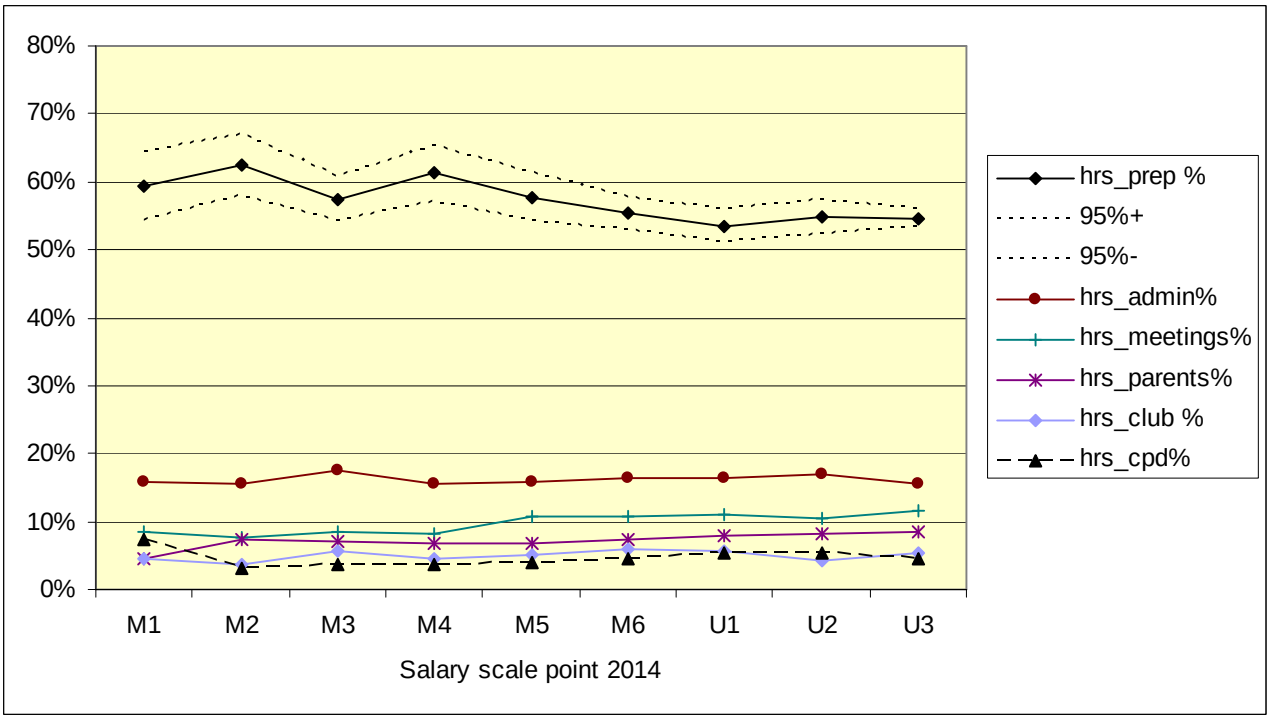
The 2012 School Teachers' Pay Review Body took the view that any performance link for the Threshold and indeed of Upper Pay Scale progression had been lost during the subsequent decade. Figure 3 shows the distribution of non-directed time between different activities by scale point in 2014. Although the new provisions for the Threshold give schools greater flexibility as to its timing for individual Main Scale teachers, evidence in Section 7 below suggests that many schools' are starting cautiously, so that widespread use of early Threshold assessment seems unlikely. Therefore, one might have expected to see a similar peak in 2014 to that in 2000, which is not apparent in Figure 3. This may be a result of the considerable uncertainty at the time of the survey about how the new system will operate, as many teachers did not know how their appraisal would relate to pay. Nevertheless, there was also a great deal of uncertainty in 2000 about future operation. The chart may also reflect the STRB's view that the performance link in teachers' pay progression has faded.

Figure 2 Non-directed time (%) on lesson preparation etc. by salary scale point: 2000.



Notes: weighted sample, for wave 1, 2000.

Figure 3 Non-directed time (%) spent on different activities, by salary scale point: 2014.



Apart from the decline in preparation time as teachers progress up the scale, which may be linked to increasing experience, there is an increased proportion of time spent on coordinating activities (meetings), and which include appraisals.

5. The role of the teachers' unions (to be developed)

In the scheme introduced in 2000, there were two key issues on which the teachers' unions were able to influence government policy, notably, the approach to performance criteria, whether or not it was used in a formulaic manner, and the degree to which movement between the upper points on the pay spine should be require increasingly high standards of performance. The 2000-2004 survey showed that many teachers believed that their unions had been influential on these issues. That was under a new Labour government which had espoused the idea of a partnership approach. The current scheme was introduced by a coalition government comprising the Conservative and Liberal Democrat parties, with a Conservative Secretary of State in charge of the Education Dept. Interviews in progress suggest that the scope of union influence on the policy's design has been more limited on this occasion, in large part because of the speed with which the scheme was driven through, and the small time allowed for consultation not just with the unions, but with all stakeholders. In addition, in 2013/14 there was no extra money to fund performance pay.

At the central level, although teachers' pay is set by a form of 'arm's length negotiation', in which the various stakeholders provide evidence and arguments to an independent Review Body which then makes recommendations on pay to the government, the remit given to the Review Body may give greater or lesser leeway to take account of the case put by different stakeholders. With the introduction of the new scheme, the lack of extra money, the speed of its introduction, and the strong steer given to the Review Body by the Education Department suggest the equivalent of a hard negotiating line.

On the other hand, at local level, the caution which leaders of many schools appear to have shown in using the new scope for greater pay autonomy at school level (Marsden, 2015), suggests that at this level there is much more local consultation at this level. Indeed, the school leaders' unions have been very active in providing advice to their members on how to implement performance pay for their classroom teachers. Union influence at this level is currently being explored in the research, and early results becoming available in the summer 2015

6. Conclusions

The results reported here are for the first wave of a planned multi-year study of performance related pay progression for teachers in England and Wales, and this analysis needs to be completed by

linking the replies to additional data about schools from other sources. Therefore, any conclusions must be provisional.

One of the head teacher respondents (#120) expressed the fear that the motivational effect of performance pay could be outweighed by the risks of demotivation on non-payment. There is prima facie evidence among the teachers' replies that those at the top of the old Main Scale and the Upper Pay Scale may be experiencing just this. An area of potential demotivation can be seen in the drop in positive judgements about linking pay to performance among those on the old point M6 who would, a year ago, have been eligible for Threshold Assessment under the old rules (Figure 1). Likewise, another potential area of loss of motivation can be seen in the increase in perceived divisiveness among those at the top of the Upper Pay Scale.

One of the big puzzles about performance management in schools in England and Wales is what happened to the scheme introduced in 2000. CEP research found evidence of a gradual but progressive improvement in objective setting and appraisal between 2000 and 2004, and that where this occurred, there was some evidence that school exam performance had also improved relative to other schools (Marsden and Belfield, 2007). Finer grain research by Atkinson et al (2009) found that teachers who were eligible for the Threshold improved the test performance of their students. Evidence shown in this paper, also suggests that teachers at the Threshold in 2000 had increased the share of their non-directed time towards lesson preparation. Yet, when the 2012 STRB reported, it could find little evidence of any effective link with performance. The distribution of non-directed time reported in 2014, albeit with caveats, appears to show no clear sign that non-directed time is being reallocated towards lesson preparation at any of the crucial points for teachers' career advancement, notably the Threshold. As in 2000, teachers' judgements about the motivating and divisive aspects of performance pay appear remarkably similar to those of 2000. Many of the same concerns remain about possible damage to team-working, potential favouritism, and even more this time, lack of money to fund performance increments. Both classroom and head teachers pointed out that increased performance in schools does not bring increased revenue to pay for it, which means that schools have either to make teachers who perform well wait their turn for pay progression, or they have to find the money from other sources, with some higher paid older teachers fearing this could be at their expense. As the study progresses, it may find that schools use the new flexibility over pay in constructive ways that avoid this dilemma. For example, some head teacher respondents mentioned an interest in one-off, non-consolidated payments.

The initial effect of the Threshold in 2000 also invites other interpretations. At the time, it was often seen as a form of performance related pay, but it was also a gateway to a higher status in schools, a

form of promotion. Its initial intent, as stressed in a number of government papers at the time was to increase the scope for teachers to improve their rewards while remaining in the classroom rather than taking on managerial or other duties. Thus, one could interpret the extra time devoted to lesson preparation among those eligible for the Threshold in 2000 as preparing for promotion instead of responding to performance pay. One head teacher respondent mentioned self-determination theory as a guide to understanding motivation in schools (#34). The difference between promotion and performance pay is that whereas the former is chosen by employees, the latter is often imposed upon them.

Another feature of the period in 2000 was that teachers' pay had fallen behind, and many schools faced serious problems of recruitment and retention. Then, teachers on Point 9 were earning less than average white collar pay. The Threshold pay rise would change this, and so many schools were faced with a dilemma: did they implement the assessment as it was intended by the then government; or did they get their teachers fill in the forms and to do what was necessary to apply for the extra money. Unfilled vacancies trump considerations about performance. The findings of the earlier CEP study suggest that many schools only began to look at performance more seriously once retention had been dealt with.

The status quo on rewards for teachers is not ideal. Nearly 30% of teachers are bunched at the top of the Upper Pay Scale with no scope for further pay progression, with or without performance, and a further 15% are bunched at the top of the old Main Scale (see Appendix). For many of those at the top of the Upper Scale, seniority progression ceased several years ago, and there is the possibility that some of those at the top of the old Main Scale will remain there. This creates a potentially difficult situation in which a large percentage of teachers will not benefit from the new system, but it is also one for which schools can use it neither as an incentive nor as a reward. The STRB judged that the performance element in pay progression had been lost since 2000, but did not comment on why this had occurred. One risk with the current imbalance of eligibility is that it will create an environment in which it is difficult to establish a link between appraisal and pay progression, and this may imprint on how the new scheme will operate in the future. How this is resolved may depend on how schools use their new flexibility over pay to redesign, something this research hopes to explore in more detail in the future.

On a more positive side, this survey's results suggest that the practice of performance reviews and objective setting has taken root, and consolidated over time. Although the survey so far has highlighted some of its limitations, it also shows that many teachers experience a reasonable degree of peer support and dialogue over their work objectives and how they relate to those of their schools.

It was also notable that when schools offer support, such as time for CPD, teachers are likely to respond more positively about appraisal and performance pay progression.

Objective setting and appraisal are less catchy themes than pay for performance. However, given the complexity of teachers' work and the level of job discretion they enjoy, it seems unlikely that any simple formulaic approach to performance and pay will work. This means that for the foreseeable future, any link to pay will depend upon the review process, how it is used to link teachers' individual work priorities to those of their schools, and how it can be used to foster a dialogue between teachers and school leaders so that objectives are well-informed and felt to be fair. This process can take place without pay being linked to it. Indeed, if the STRB was correct about the link between performance and pay progression fading, the consolidation of appraisal over the years since 2000 suggests that the two policies can be considered independently. The link with pay may make people take them more seriously, but as with all policies, one has to consider the benefits of alternatives. In a previous project, the LSE researchers interviewed the Human Resource Directors of two similar NHS hospital trusts. One used a hospital-wide bonus, and the other, individual performance pay.[6] The first believed strongly that linking pay to appraisal would contaminate appraisals. The second believed equally strongly that the link with pay was needed to make line managers take appraisal seriously.

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8. Endnotes

[1] A version of this paper is available as a Centre for Economic Performance Discussion Paper 1332, February 2015. http://cep.lse.ac.uk/pubs/download/dp1332.pdf .

[2] There had been a long period of performance for school teachers in England and Wales between 1863 and 1890, when it was abandoned (Nelson, 1987, Jabar 2013). I am grateful to Peter Dolton for this information.

[3] Up until 2000, advancement by experience points ran out at Point 9, and further advancement depended on taking on additional responsibilities, responsibility points, and on points awarded for other qualification or job demands. Up to 2000, the teachers' scale included 9 experience points, 5 for responsibility, 3 for recruitment and retention, and for excellence, and 2 for qualifications and for SEN (STRB 1999, Table 13).

[4] In fact, the great majority of responsibility points were awarded to teachers who already had nine experience points.

[5] By use of regression it is possible to look at the figures in Figure 2 while controlling for other factors, and in 2000, notably school effects. These regressions confirmed that points 8 and 9 were indeed associated with higher percentages of time assigned to preparation, and shows that they were statistically significantly different from other points on the scale.

[6] Marsden and French, (1998).