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ABSTRACT

Merit pay programs are based on the simple idea that educators should be paid what they are worth; yet these programs face a host of practical problems, mostly centering on the difficulties of developing and administering such systems. A review of research shows that money may not be the best way to motivate teachers, who are more influenced by the intrinsic rewards of teaching. A report by the Educational Research Service suggests that merit pay programs often prove unworkable. Taken as a whole, the research in the area points most emphatically to a single conclusion about merit pay; its potential rewards are uncertain and it should be adopted, if at all, with a good deal of care. Evaluations must be made by several persons working with specific, multifaceted, and clearly articulated guidelines. Merit raises should not be reserved for a few superior teachers but must reward all who achieve a specific objective. Plans should be considered that reward teachers with praise or recognition rather than money, and schools should help create systems that foster more satisfying work experiences for teachers. (Author/JM)

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RESEARCH ACTION BRIEF

Each *Research Action Brief* reports the findings of significant empirical research studies on a topic in educational management. From these findings implications are drawn for the operation of today's schools, thus serving as a guide for enlightened administrative action.

This *Research Action Brief* was prepared by the ERIC Clearinghouse on Educational Management in cooperation with the National School Boards Association.

Merit Pay

Merit pay was first introduced in American public education in 1910, yet even today the idea of rewarding superior educators with extra pay remains controversial. The theory behind merit pay is simple: educators should be paid what they are worth, and those who do good work deserve extra pay.

Despite its theoretical appeal, merit pay faces a host of practical problems, most of them centering on the difficulties of actually developing and administering a pay system based on merit. These problems extend even to defining "merit pay," a vague term that can refer to almost any arrangement in which an educator receives additional pay for doing better—or simply extra—work.

Basically, merit pay uses money as an incentive to encourage school personnel to do better work. Thus a merit pay program requires both a workable system for identifying meritorious educators and adequate financial resources for rewarding them. These requirements may seem obvious, but in practice motivation and evaluation are particularly thorny problems in most merit pay systems. Financing merit pay, particularly in periods of high inflation (and thus large cost-of-living pay raises), can also be difficult.

The principles of merit pay can be applied to the salaries of teachers, administrators, or school staff. Although there has been some discussion of using merit pay for administrators as part of a system of management by objectives (MBO), most research to date has concerned itself with merit pay for teachers. Many of the problems and possibilities of merit pay are the same for all types of educators, but there may also be differences; the following discussion focuses primarily on merit pay as it relates to teachers.

Merit Pay for Teachers, a report prepared by Educational Research Service (ERS), provides a good introduction to the subject. The dominant theme that emerges from the study is the extraordinary complexity of merit pay. Even determining whether or not a teacher is doing a good job is no simple matter; teachers may be rated either according to input factors (how well they teach) or output factors (the kinds of students they produce). More generally, a bewildering assortment of claims has been advanced both on behalf of and in opposition to merit pay.

Arguments in favor of merit pay stress the equity of paying teachers what they are worth and the logic of using money and evaluations to encourage better teaching. Present pay systems treat all teachers—good, bad, or indifferent—almost identically; this implicitly rewards mediocrity and discourages teachers from making the extra effort required to do a better than average job. Merit incentives work in industrial settings; applying such methods to schools is a logical step that could help professionalize teaching.

Arguments against merit pay stress the fact that it doesn't work, since nearly every program that has been tried has eventually been discontinued for one reason or another. Good teaching is hard to judge objectively, some argue, because teaching is really more an art than a science. Emphasizing the monetary rewards of teaching may obscure other professional objectives and foster competition among teachers forced to compete for merit bonuses. As a result of these and other problems, most teachers oppose merit pay and prefer salary schedules based on training and experience.

Although much has been written about merit pay, only a handful of studies, several of them limited in scope and methodology, have shed much light on the subject. ERS surveyed nearly three thousand American schools to determine the status of merit pay in contemporary education. More schools reported that they were considering adopting a merit pay plan (4.7 percent) than actually had one in operation (4 percent).

A larger number of schools (6.4 percent) indicated that they had implemented, and then discontinued, a merit plan at some time in the past. The dominant reasons for abandoning merit plans were problems related to program administration (particularly evaluating teachers fairly) and personnel (primarily teacher dislike of merit pay and declining teacher morale). In addition, a number of schools reported that teachers unions, presumably reflecting the desires of their members, had negotiated merit pay provisions out of their contracts.

Problem of Evaluation

Two studies point up some of the problems of rating teachers in a fair, objective way. Hooker's work is almost an abbreviated case study of the role job politics and personal relations can play in the operation of a merit pay program. The author describes a study of a university department where decisions about merit raises were made by the department chairperson. In the department, several obvious measures of effectiveness—including frequent publishing, success in attracting students and producing graduate students, and willingness to teach extension courses—were all either insignificantly or negatively correlated with salary increases. The one factor that did affect "merit" pay was personal contact with the department head; the author reports a strong relationship "between percent of salary change in the past five years and the distance between a professor's office and that of the chairman." Finally (and, under the circumstances, not surprisingly), the department chairman "ranked number one on percent of salary improvement for the five years."

A second study, by Worth (as described by McDowell), questions the desirability of using evaluations made by a lone administrator. Principals were asked to view a fifteen-minute kinescope of a teacher in the classroom and, from that viewing, rate her performance. The teacher in question drew a wide range of ratings, varying from exceptional to doubtful, all based on viewings of the same material.

Neither of these studies, of limited sample size and uncertain methodology, is particularly significant in itself, but each provides research confirmation, however tenuous, for the commonsense observation that performance ratings are not always fair, objective, or consistent.

Do Dollars Motivate?

Several studies challenge the notion that is at the heart of merit pay: namely, money is an effective way of motivating teachers. In fact, money appears to be distinctly less important to teachers than a number of other factors. Lortie explains that job motivation can be divided into satisfactions that are intrinsic (inherent in the work itself) and extrinsic (external to the job—including pay).

Lortie reports on two surveys showing that teachers are motivated primarily by the intrinsic rewards of the profession. In one study, teachers listed the psychic rewards of the job six times as often as any other rewards in explaining their attraction to the profession. According to Lortie, "teachers consider the classroom the major arena for the receipt of psychic rewards." He observed that "other sources of satisfaction . . . pale in comparison with teachers' exchanges with students and the feeling that students have learned."

An earlier study, reported by Sergiovanni, suggested similar conclusions. Teachers were asked to tell stories of times when they felt unusually favorable or unfavorable toward teaching. Their responses indicated that extrinsic factors (such as money) may induce dissatisfaction, but that satisfaction is produced by intrinsic factors.

Priority of Intrinsic Rewards

The full implications of this evidence of the importance of intrinsic rewards become clearer in the context of Deci's work. His findings suggest that emphasizing extrinsic rewards such as pay may actually be counterproductive, reducing rather than increasing intrinsic motivation.

Deci discusses intrinsic and extrinsic motivation at some length. Intrinsic rewards come from each individual's feelings of competence and effectiveness, whereas extrinsic rewards generally come from outside the worker. In other words, intrinsic rewards, unlike the extrinsic variety, are at least partly under the control of each worker. The question arises whether the two types of rewards can work together to increase motivation or are essentially incompatible.

To answer this question, Deci conducted a test in which subjects were asked to work on a series of problem-solving puzzles that previous tests had demonstrated to be intrinsically interesting. Persons who were simply asked to solve the puzzles or were given money for participating in the experiment (and were paid regardless of how well they performed) continued to work on the puzzles even after their time had expired and they were no longer required to do so; this willingness to continue working was considered a measure of intrinsic motivation. By contrast, when external rewards—money or the avoidance of an obnoxious buzzer—were made contingent on doing the puzzles successfully, subjects showed significantly less inclination to continue working on the puzzles voluntarily. This led Deci to conclude that "one process that decreases intrinsic motivation is to have intrinsically motivated behavior become dependent on external causes." If this is true, merit pay plans may actually reduce the motivation of teachers.

Interestingly, one external reward, feedback, could affect intrinsic motivation either negatively or positively. Specifically, positive feedback increased, whereas negative feedback decreased, subjects' intrinsic motivation. This phenomenon was observed only when feedback was considered as informational rather than as an attempt to control

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behavior; in other cases, subjects began to work in order to obtain positive feedback, which then became an external motivating factor and reduced intrinsic motivation. This suggests that feedback, insofar as it provides information about an individual's competence or effectiveness, may act as a complement to intrinsic rewards.

Effect on Self-Esteem

Meyer's work points up another potential problem area: "a merit salary plan is likely to have the effect of threatening the self-esteem of the great majority of employees." This is true because most workers consider themselves to be good or outstanding at their jobs. Specifically, when a variety of blue- and white-collar workers were asked to compare their own job performances with those of their colleagues, almost all rated themselves as above average, and fully two-thirds placed themselves in the upper quarter of all workers. At the same time, 85 percent of the workers gave themselves higher ratings than their managers gave them.

Obviously, these attitudes can create problems when workers' salaries are altered to reflect external evaluations. "Since the salary increases most people get do not reflect superior performance . . . the effects of the actual pay increases on motivation are likely to be more negative than positive. The majority feel that management does not recognize their true worth."

Giving workers a less favorable, but more realistic, assessment of their on-the-job performances may seem like a good idea, but high self-esteem is, itself, an important motivating factor. Indeed, Meyer notes, "persons with high self-esteem will consistently and significantly outperform persons with low self-esteem."

Implications

These findings appear to raise the possibility that merit pay in education is neither practical nor desirable. The theory behind merit pay—that money is the way to motivate teachers to improve—is simply not supported by the research. On the contrary, teachers are less motivated by money than by the intrinsic rewards of teaching. Worse, paying teachers on the basis of performance may actually be counterproductive, reducing the motivation of all teachers and threatening the self-esteem of those passed over for merit bonuses.

The empirical evidence concerning merit pay appears to be consistent with some of the survey information that has been collected on the subject. The Educational Research Service's survey, for example, found that merit pay often proves unworkable; more schools reported that they had tried merit pay and then abandoned it than indicated they actually had programs in operation. The areas where most schools reported problems with merit pay—program administration (particularly evaluation) and teacher attitudes—were very similar to those areas highlighted by the empirical evidence.

The case against merit pay, however, is not quite as conclusive as it might appear to be. The apparent failure of merit pay might partially be the result of poorly designed or administered programs. Also, it is important to note that, although over 6 percent of the schools in the ERS survey reported having discarded programs, nearly 90 percent of the schools indicated no experience at all—good or bad—with merit pay.

Taken as a whole, the research points most emphatically to a single conclusion about merit pay; its potential rewards are uncertain and it should be adopted, if at all, with a good deal of care. The procedures, goals, and objectives of the program must be clearly defined, widely accepted, and universally understood. One way of assuring this result is to have broad participation in developing the program. Teachers, in particular, may feel less threatened by, and more committed to, the success of a program they had a hand in shaping.

The Hooker and Worth studies point up the critical need for care in the evaluation process. Specifically, evaluations should be made by several persons, working cooperatively. Evaluation guidelines should be specific, multifaceted, and clearly articulated, so that each evaluator assesses the same things.

Meyer's work suggests merit pay plans should take into account teachers' (like most workers') high regard for their own abilities; such high regard can act as a self-fulfilling prophecy and actually make teachers more effective. Consequently, merit raises should not be reserved for only a few "superior" teachers. Instead, Meyer recommends a merit system that rewards all workers who achieve certain specified objectives.

These techniques for developing workable merit pay plans may, however, miss a rather crucial point. Deci's findings point to the possibilities that merit pay for teachers is inherently unworkable and that any program using money as an incentive for improving teaching, no matter how well designed, is likely to fail.

Deci's finding that positive feedback can, under certain circumstances, increase intrinsic motivation does, however, suggest one avenue for motivating teachers more effectively. Schools might adopt merit *praise* plans, based on recognition that intrinsic satisfactions cannot be manipulated by material rewards, but can be complemented by the right kind of information.

In such a program, superior teachers could be rewarded with various types of praises and recognition, given in ways that do not damage the self-esteem of other teachers. Evaluations should be descriptive rather than judgmental, focusing on what teachers do rather than how one teacher's performance compares with that of another. All teachers should be provided with honest, positive feedback about their accomplishments in the classroom; if this is done properly, it can increase each teacher's sense of satisfaction about the kind of job he or she is doing.

Informational positive feedback emphasizes (and may even increase) the intrinsic rewards of teaching and, thus, appears to offer a preferable alternative to merit pay. Of course, any program designed primarily to manipulate teachers—with praise or money—is unlikely to be effective.

Ultimately, the idea of rewarding merit is a sound one; the problem with merit pay is its assumption that money is the most meaningful reward available. For teachers, the satisfactions of the profession are ultimately more meaningful than are the financial rewards. The most school systems can do is help create situations that foster more satisfying work experiences for their teachers.

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