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Cost

£££££

Evidence strength



Impact (months)

+1

Effect size

0.04

What is it?

Performance pay schemes aim to create a direct link between teacher pay and the performance of their class in order to incentivise better teaching and so improve pupil outcomes.

A distinction can be drawn between awards, where improved performance leads to a higher permanent salary, and payment by results, where teachers get a bonus for higher test scores.

Approaches also differ in how performance is measured and how closely those measures are linked to outcomes for learners. In some schemes, students' test outcomes are the sole factor used to determine performance pay awards. In others, performance judgements can also include information from lesson observations or feedback from pupils, or be left to the discretion of the headteacher. Some performance schemes incentivise individuals, others incentivise groups of teachers.

How effective is it?

The results of rigorous evaluations, such as those with experimental trials or with well-controlled groups, suggest that the average impact of performance pay schemes has been just above zero months' progress. Approaches making use of loss aversion – where awards have to be paid back if student results fall below a certain level – have shown greater impact.

There is some evidence that impact may also be greater in developing countries. Overall, evaluations of a number of performance pay schemes in the USA, where the approach is also known as 'merit pay', have been unable to find a clear link with improved pupil learning outcomes.

A related approach that has shown promise is using bonuses or enhanced pay to attract teachers to challenging schools.

There are some concerns that performance pay schemes can create unintended consequences. For example, that they may encourage teachers to focus only on tested outcomes, leading to a narrowing of the curriculum, or to focus on groups of pupils near a particular assessment threshold.

Overall, approaches which simply assume that incentives will make teachers work more effectively are not well supported by existing evidence.

Evidence of the association of performance pay with students' outcomes is inconclusive and has hardly ever been investigated in the Arab world. However, studies in Saudi Arabia and Egypt showed that providing teachers with incentives will motivate them to be engaged in professional development programs which could have positive impact on students' outcomes.

Furthermore, studies in Lebanon and Egypt found that creating an incentive system would retain strong teachers in challenging schools and motivate the existing ones. Teacher surveys in Kuwait and Lebanon indicate that teacher incentives would improve morale and increase job satisfaction and loyalty to the profession.

To date, research on performance pay in schools is limited in this region despite the general belief of its importance in retaining teachers and increasing their motivation and job satisfaction levels. Both quantitative and qualitative research are needed to investigate the impact of performance pay on both students learning and teachers' performance.

How secure is the evidence?

The evidence is limited. Although there has been extensive research into performance pay, much of this is either from correlational studies that link national pay levels with general national attainment, or from naturally occurring experiments. More recent randomized trials have had mixed results. Overall, it is hard to make definitive causal claims about the impact of performance pay on attainment, on the basis of the existing evidence.

What are the costs?

Sums of between 5,000.0 USD and 15,000.0 USD (between 3,886.3 GBP and 11,658.7 GBP; between 3,545.0 JOD and 10,635.0 JOD) have been awarded in merit pay schemes in the US. In England, performance pay generally means schools using staff performance to allocate teacher progression within existing pay ranges. Some academies have paid one-off performance bonuses of between 100.0 GBP and 2,000.0 GBP per teacher (between 128.6 USD and 2,572.8 USD; between 91.2 JOD and 1,824.1 JOD) or between 4.0 GBP and 80.0 GBP (between 5.2 USD and 102.9 USD; between 3.7 JOD and 73.0 JOD) per pupil across a class of 25. Overall, costs are estimated as low.

Costs originally calculated in USD and GBP; equivalent GBP, USD and JOD calculated via oanda.com

on 22/09/20.

As yet there is no information about local costs.

What should I consider?

Have you considered other, more cost effective, ways to improve teacher performance, such as high quality continuing professional development?

Given the lack of evidence that performance pay significantly improves the quality of teaching, resources may be better targeted at identifying and recruiting high quality teachers.

How will you make sure that performance pay does not lead to a narrower focus on the measures used to assess teacher performance, or to teachers focusing on the performance of particular groups of pupils?

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