

COMPENSATION AND BENEFITS

E. James Brennan,
President,
Brennan, Thomsen Associates, Inc.,
St. Louis, Missouri



The Merits of Merit Pay for Teachers

In all the heated discussion about merit pay for teachers, no one has yet solicited (or at least published) any comments from the experts.

The experts in the field of merit pay are certainly not teachers or politicians, but personnel executives who design and run merit systems. And the real merit pay experts in the personnel field are those compensation specialists and consultants whose regular duties involve the constant study, review, design, implementation, and administration of pay-for-performance schemes.

The educational establishment is renowned for its fascination with the theory of merit pay. That subject has long been one of the most popular dissertation subjects for candidates pursuing a doctorate in education. However, merit proponents have never had much success in their efforts to implement merit pay programs for classroom teachers. Likewise, politicians have never allowed the concept of merit to interfere with their pay and further have generally bungled every opportunity to apply merit pay to non-elected government employees, as well.

The Real Experts

The real experts all agree that there are many obstacles to merit pay. They point out that there are a number of situations in

which well-intentioned attempts to recognize and reward individual performance are doomed to failure.

Nevertheless, the reports from the National Commission on Excellence in Education and the Carnegie Commission, coupled with a groundswell of philosophical support for the concept of performance-based salaries, have now created a tremendous amount of pressure for the immediate implementation of merit pay for teachers.

Before school boards and politicians — encouraged by public demands for fast action — get too caught-up in current merit-pay movements, they would do well to carefully examine the necessary requirements for implementation of any merit pay system based on individual performance.

Criteria

To implement a successful merit pay system, whether in public or private industry, several points must be kept in mind. First of all, it is important to define performance objectives for each position and to make sure those objectives serve the overall mission of the organization. The objectives and performance standards must be communicated in advance and should also be relatively consistent among comparable jobs. Nevertheless, they may

still recognize unique requirements that go along with each position.

Because the objectives would be clear and communicated ahead of time, individual employee output could be measured by both the employee and his or her supervisor. Performance measures should be objective, valid, and reliable so that each employee can control the results upon which they will be measured.

Supervisors should be adequately trained in performance review and appraisal methods, and they should expect that there will be differences in the performance of individual employees. The degree of variation in employee performance is worthy of the supervisor's attention; hence, the supervisor should be willing and able to differentiate on the basis of performance and to frankly communicate his or her evaluations to subordinates.

Mutual Trust

An underlying principle in successful performance evaluations is a mutual trust between supervisors and subordinates. Through this trust, management is better able to enforce merit rules and control their consistent application.

A basic tenet in merit pay programs involves paying higher salaries to better performers. The pay ranges should be wide enough

to permit significant pay differences between employees with varying performance levels who hold the same job. The organization must be totally committed to awarding substantially larger pay increases to better performers and should be able to meet the financial cost of that commitment. Employers and organizations must also maintain current pay structures that are externally competitive and internally equitable.

Impending Realities

To the degree that these conditions are met, merit pay can be successful. If these conditions are not met, merit pay can be a disastrous mistake. Failure to meet some of these criteria will limit the effectiveness of a merit pay program and failure to meet other criteria will make any merit pay program completely impossible or absolutely destructive.

Even in private industry, where management has far more control over operations than in public education, it is extremely difficult to create and administer an effective merit pay program. It is doubtful that the educational establishment can do better than the private sector in this regard. A quick review of the criteria for an effective merit pay program will show that few school systems can meet many of these essential preconditions for a merit pay program.

Although the idea of merit pay, or pay based on performance, is popular and philosophically appealing, it is not universally appropriate at all times and in all places. At present, the teaching environment lacks the right climate for merit pay. Yet recognition of the steps necessary to properly reward merit in education will help bring the day closer when that ideal can be achieved.

□

E. James Brennan testifies as an expert witness on pay practices in federal court cases involving the U.S. Department of Justice and the Internal Revenue Service. He also serves on *Personnel Journal's* Editorial Advisory Committee.