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**Unions, Performance-Related Pay and Procedural Justice:  
the Case of Classroom Teachers**

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## **Abstract**

Performance-related pay (PRP) and performance management (PM) are now a part of the organizational landscape that unions face in the UK's public services. While PRP and PM threaten the scope of traditional union bargaining activities, they simultaneously offer a new role to unions as providers of 'procedural justice services' to both union members and employers. We explore the case of the introduction of these systems for classroom teachers in England and Wales as a means of testing this idea. Our survey evidence shows that classroom teachers experiencing the introduction of PRP have expressed a strong demand for such services from the teachers' unions. Further, analysis of the PRP implementation process for classroom teachers indicates that the teachers' unions have progressively assumed a 'procedural justice role' since its introduction. Union action in this regard has led to substantial modification over time of classroom teachers' PRP and PM. These changes have addressed many of the concerns of teachers, have created a new institutional role for the relevant unions, and may permit the systems to avoid the operational difficulties they have experienced elsewhere in the UK's public services.

JEL classification: J33, J51

Keywords: Unions, Procedural Justice, Performance-Related Pay, Teachers

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## 1. Introduction

The recent spread of individual performance related pay (PRP), particularly in the public sector, has been seen as a challenge to union effectiveness in two senses (Heery 1997a, para. 13; Heery 1997b). First, by enlarging the zone of management discretion over individual pay, it increases the power of managers to reward certain kinds of behaviour and punish others. Second, it potentially reduces the influence of collective action on employee welfare, and hence the perceived usefulness of unions to their members, further tipping unions towards 'perdition' rather than 'resurgence'.

However, a countervailing trend emerges from research by the Centre for Economic Performance (CEP) on performance pay for public service employees in Britain. This work has highlighted the difficulty such schemes face in motivating staff, and the widespread employee view that they are a source of divisiveness (Marsden and Richardson 1994; Marsden and French 1998). A key source of demotivation appears to lie in the way the schemes have been operated rather than in their design. This point was stressed in the government's Makinson Report on civil service PRP (Makinson 2000), which contrasted general approval of the principle of linking pay to performance with widespread 'disenchantment' with its operation. A major factor explaining why employees have seen the schemes as divisive is connected in particular with weaknesses in the goal setting and appraisal systems used, so that when employees see these as poorly operated, they find PRP demotivating and harmful to work relations (Marsden 2004).

These twin developments – of growing use of PRP alongside employee disenchantment with its operation – potentially offer new opportunities to unions, and it is these which we explore in this paper. Can unions develop a new role in establishing what we term a 'procedural justice' role within new employee management systems, and thereby create a new demand for their services from both their members and from employers? A growing body of literature suggests that modern performance management systems, such as those combining performance pay and appraisal, fail to motivate staff if they are judged to be unfairly operated (Milkovich and Wigdor 1991). Further, working in a divisive environment is an active source of employee discontent, as is the suspicion that managers are allocating rewards unfairly, and one recent study has shown that such employee perceptions of workplace injustice are associated with increased union participation (Brown Johnson and Jarley 2004). Given that incentive schemes that fail to motivate staff are of little use to

management, and those that cause conflict are unlikely to be welcome to employees, both parties would have a strong interest in unions' being able to provide a solution to these problems by their provision of procedural justice services.

In this paper, we explore the scope for such a union role by analysing the introduction of a new PRP system for classroom teachers in England and Wales. This instance is ideal for the testing of our ideas, as it concerns a segment of the labour market that has a strong union presence, and as such represents a kind of 'best-case scenario' for unions seeking to assume the role we propose. We begin by sketching out the potential for union adoption of the 'procedural justice' role, and contextualizing this within the new teachers' pay system. Subsequently, we use data drawn from a survey of teachers' opinions to assess the extent of demand for procedural justice, and whether this demand is directed towards the unions. The last stage of our study considers union activities in the procedural justice arena, and the modifications to the pay system thereby achieved.

It emerges that, although the teachers' unions were not invited to ensure that the new pay system was fairly operated – and to a large extent, that is not how they saw their role at the outset – they have progressively taken on a procedural justice role through their representational activities. In the concluding section, we argue that this role represents a significant departure from more traditional bargaining methods over pay levels. In addition, we present evidence that union representation has helped to adapt the new system from its initial design to one that is much more closely aligned with classroom and head teachers' understanding of the reality of performance in schools. An important consequence of this shift is that the PRP scheme for teachers has the potential to bypass some of the operational weaknesses of schemes previously implemented in the civil service.

At a later stage in our research, we plan to extend this approach to examine school performance outcomes, that is, to examine whether there is a positive relationship between teacher perceptions of procedural justice and school performance.

## **2. The 'Procedural Justice' Role: An Opportunity for Unions?**

Where PRP is introduced, the key issue for management is to induce employees to use their work discretion to the benefit of the organization. Employee perceptions of the risk of bad faith by management greatly complicate the operation of such incentive schemes. If

employees do not believe the rewards for extra effort will be forthcoming, they are less likely to respond to the incentive scheme. Indeed, a relevant prediction is provided by the psychological theory of expectancy, which asserts that performance pay systems will not work unless employees regard them as fair in their design and operation, and corresponding to their own preferences for incentives and variability (Lawler 1971; Furnham 1997).

This argument is extended by Cropanzano and Greenberg (1997), who affirm that ‘procedural justice’ is as important for motivating employees as ‘distributive justice’. Whereas the latter relates to the structure of rewards provided, the former is concerned with the fairness of procedures which determine whether an employee gains a particular reward – in our context, a performance increment. Cropanzano and Greenberg propose that employees are more likely to accept adverse performance ratings if they believe management’s procedures are fair, and hence they argue that ‘procedural justice’ is a key element in the motivational aspects of incentive pay systems.

According to these arguments, then, we can point to three critical areas in which intervention in PRP systems could ameliorate their procedural justice outcomes, and thereby augment their positive incentive impact. First, the choice of incentives must align with both the employer’s goals and the employee’s feelings about what is appropriate for their work. Next, employees must be assured that management’s assessment of their performance is both valid and reliable, in the sense that it reflects accurately the main components of performance and that it does so without bias. Lastly, employees must feel that management is committed to observing the spirit as well as the letter of the rules in the administration of the system.

Previous CEP research on the subject of PRP indicates that unions have a potentially important part to play in all of these areas (Marsden 2001; Marsden 2004). Compliance with the first two of the above procedural justice criteria requires the honest communication of feedback about the pay system from employees to management. Individuals may well be unwilling to express their opinions fully for fear of some manner of reprisal. Unions, however, can by their collective nature represent their members’ opinions clearly with virtual impunity, at least as far as it will affect the individual member. Furthermore, they can use their organizational strength to ensure that management plays fairly, both by monitoring management behaviour and by leaning on it where necessary.

Where unions are able to enforce the criteria in these ways, they can be said to be playing the procedural justice role effectively. Consequently, employers can benefit by ensuring that PRP systems create the intended incentive effects; and employees can benefit because they gain insurance against unfair assessment by their managers, and they are less

likely to work in a demotivating and conflictual environment. Unions, therefore, might exploit this potential dual demand for their services in this area.

### **3. Performance-Related Pay for Classroom Teachers: A New Pay System**

The idea of linking teacher career progression to performance was not an entirely novel one in 1998. Indeed, from 1991 the then Conservative government introduced appraisal for teachers<sup>1</sup>, and from 1993 it gave head teachers scope to offer ‘Excellence Points’ for good classroom performance. However, both schemes were moribund by the mid-1990s. The system for classroom teachers with which we are concerned represented a more comprehensive attempt to assess performance, and combined this feature with an explicit link to pay. The new policy took effect from September 2000, having first been presented in the Labour government’s 1998 Green Paper, ‘Teachers: Meeting the Challenge of Change’ (DFEE 1998). This document had proposed a broad, articulated set of policies for the upgrading of the state schooling system, largely inspired by the three themes of leadership, teaching quality, and expanded resources. The PRP programme fell under the rubric of teaching quality, and for it was foreseen the dual role of motivating existing teachers to higher performance, and, by providing a more attractive pay and career structure, of attracting high quality recruits to the profession and retaining them in the classroom (as opposed to moving on to more lucrative managerial positions in schools).

The new scheme comprised three key elements. First, there was a system of annual goal setting and appraisal, or ‘performance reviews’. Second, it offered eligible teachers the opportunity to apply to cross the ‘Threshold’ test of teaching competence and performance. The eligible group consisted of those with eight or nine years’ experience in the job, that is, those who had likely already reached the top of the old ‘main professional grade’ pay scale for classroom teachers. Success in this test would bring with it an immediate pay uplift of around £2,000. The third element, a new ‘upper pay scale’ (UPS), flowed from the first, as passing the Threshold (i.e., moving to UPS point 1) gave access to further opportunities to

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<sup>1</sup> Appraisal for teachers was introduced in 1991 (Education (School Teacher Appraisal) Regulations 1991). It was poorly implemented, and in the majority of schools it remained isolated from school development and INSET planning (OFSTED (1996). The Appraisal of Teachers 1991-96. A Report from the Office of Her Majesty's Chief Inspector of Schools. London, Office for Standards in Education).

increase one's pay. Initially, the UPS was composed of a five-step ladder, progression along which would be performance-related and progressively more challenging.

The term 'performance management' was used to describe the combination of stick and carrot incentives, that is, of performance reviews and PRP. However, while intended to be mutually reinforcing, these two components differed slightly in their scope. All teachers, whether or not they have passed the Threshold, have to go through an annual performance review with their head teacher or their line manager. The purpose of this is to agree a set of work priorities for the coming year, and to appraise performance for the previous year. In the process, individual teachers' objectives are to be determined in relation to those of their school, as set out for example, in the School Development Plan. The review should also discuss teachers' development needs, and comprise an element of classroom observation. Evidence from the performance reviews is used when teachers make applications to pass the Threshold, and to progress on the upper pay scale.

Whereas the performance criteria in the annual performance reviews are integrated into the school's objectives, those for passing the Threshold and for UPS progression are more specific and more standardized. Those proposed in the green paper, and largely implemented in 2001 included measures of the following (DFEE 1999, Annexe 1: Draft Standards for Threshold Assessment):

1. Pupil performance;
2. Use of subject/specialist knowledge;
3. Planning, teaching and assessment; and
4. Professional effectiveness.

Similar performance criteria were to apply to movements along the upper pay scale. Under the new system, the Threshold assessment would be carried out by head teachers, and was initially validated by an 'external assessor'.

In terms of its impact on pay, the new system avoided awarding a general pay increase to all teachers, and concentrated the extra money on extending the teachers' pay scale upwards, from its then ceiling of about £24,000 to about £30,000. On passing the Threshold, teachers would gain an uplift of £2,000 to £26,000, followed by scope for further increases by progressing along the upper pay scale. This had obvious appeal, given that about three quarters of classroom teachers at the time were at the top of the main professional grade scale, able to increase their pay further only by taking on managerial duties, and moving away from classroom duties (STRB 2000a, Table 10). It was also thought that the longer scale might be more attractive to new entrants.

A further key outcome relating to pay concerned how many teachers could aspire to move up the full length of the UPS, and at what speed. Whereas all teachers might reasonably expect to reach the top of the old main scale, the government's thinking was the new upper pay scale should be 'tapered', with fewer teachers being able to reach the performance standards demanded for access to the top points, and progression should be awarded at intervals of several years, not necessarily be annual (STRB 2000a, para. 88)<sup>2</sup>. This no doubt had a budgetary justification, but the key reason stressed by Estelle Morris, the then Secretary of State, in a letter to head teachers was that tapering would provide more of an incentive (DfES 2002).

The initial reaction of the teaching unions<sup>3</sup> was mixed, although two distinct types of response could be discerned: the NUT was the most outspoken in rejecting any connection between pay and appraisal, whereas others (including the ATL and the NASUWT) cautiously accepted this principle, but strongly questioned certain aspects of the proposal, in particular the link to pupil performance in examinations. This difference of approach has continued up until the present.

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<sup>2</sup> The idea of 'tapering' was expressed thus by the STRB:

The Secretary of State believes that these points should normally be awarded at intervals of several years, rather than annually, against levels of performance which would become progressively more challenging towards the top of the range. However, it was suggested that it might be appropriate for schools to have the flexibility to award performance points to teachers demonstrating exceptional performance over a single year.

STRB (2000a). Ninth Report. London, School Teachers' Review Body

This approach did not endure, however. Note the contrast with the STRB's 2001 report, which now advised against making the performance criteria increasingly demanding:

The criteria for progression above the starting point of the scale should be as already defined in the School Teachers' Pay and Conditions Document and explained in the related DfEE guidance - in essence that progression is at the discretion of the relevant body to recognize substantial and sustained performance and contribution to the school as a teacher. This should take account not only of particular performance objectives but also the totality of the teacher's work looking at all of the elements covered by the Threshold standards. We do not think it appropriate to lay down that the levels of performance required should become progressively more challenging towards the top of the scale.

STRB (2001). Tenth Report. London, School Teachers' Review Body.

<sup>3</sup> The classroom teacher unions and professional associations referred to in this paper comprise:

- The Association of Teachers and Lecturers (ATL)
- The National Association of Schoolmasters and Union of Women Teachers (NASUWT)
- The National Union of Teachers (NUT)
- The Professional Association of Teachers (PAT)
- Undeb Cenedlaethol Athrawon Cymru (UCAC)

We also refer to the following head teacher professional associations:

- The National Association of Head Teachers (NAHT)
- The Secondary Heads Association (SHA)



The government delayed implementation of the system from September 1999 to September 2000 in order to engage in ‘constructive dialogue’ with the unions, but indicated that significant alterations to the proposed scheme would not be considered. The conflict between this position and that of PRP’s stronger critics was manifested in the NUT’s attempt to block implementation of the system by means of a High Court challenge in July 2000, which charged that the Education Secretary had no right to order change to teachers’ conditions of service without due consultation. The resulting deadlock caused a delay in the introduction of the system, which was ended by the court’s finding in favour of the union. However, this finding was only a partial victory for the union, as it essentially enabled the scheme to be implemented with minor modifications, chief among them the diluting of the pupil progress performance criterion for passing the Threshold (STRB 2000a, para. 13).

In England, the first round of assessment at the Threshold, for which a near-majority of teachers was eligible, took place during the winter of 2000-2001. The system was also rolled out in Wales, but according to a different timetable, as it was agreed that the Welsh National Assembly would become involved in its funding there. According to the Department for Education and Skills (DfES), about 250,000 teachers were eligible for the Threshold. About 201,000 (80%) teachers applied. About 97% of those who applied met the Threshold standards and passed onto UPS point 1, a rate that was sustained in the years immediately following (DfES 2001, Annex A, Appendix B; DfES 2004, para. 3).

Since this first fraught year, the scheme has bedded down and become a more established part of the school environment. The second round of assessment, which took place in autumn 2002 and saw movement up to pay point two on the UPS, was a more regular affair, although it too was remarkable for its high application and pass rates (only slightly lower than for the first step). Many of those in the initial cohort who successfully applied for the Threshold in autumn 2000, would be eligible to apply for UPS point 3 in the autumn of 2004.

#### **4. Teachers' Perceptions of the New Pay System: Does Procedural Justice Matter?**

Our main source of information about the effects of the introduction of PRP on classroom teachers is a nationally representative survey conducted by the CEP over two waves, the first in February-March of 2000 in anticipation of the implementation of the new pay system, and the second a little more than a year later (May-June 2001), shortly after teachers were expected to know the results of their Threshold assessments. The survey probes teachers' attitudes to PRP in the light of their existing attitudes towards teaching, and its time-series nature enables us to investigate the effects of experiencing the appraisal process for the first time. We restrict the sample to England, given the different nature of implementation in Wales, and to those teachers who respond in both waves, which delivers a sample of 1876 individuals. The restricted sample does not differ significantly from the full wave one cross-section sample on any observable dimension of individual or school characteristics.

We begin by exploring summary results from the two waves of the survey of teachers for some of the key perceptions regarding the operation of performance management that could signal a lack of procedural justice. Further, we also compare these results to earlier CEP studies of attitudes to PRP in the Civil Service, which themselves suggested the potential for a procedural justice role for unions (see Table 1). In absolute terms, teachers do not seem very keen on the idea of PRP, nor do they feel that its incentive impact would be very great. Conversely, though, they do not appear to think that PRP would have a strong negative impact on cooperation in the workplace, either among classroom teachers or with management. This result is particularly marked in the second wave of the data, by which time teachers had already lived one year with the new pay system. A notable point in this respect is that whereas before implementation teachers mostly believed that there would be a quota at the Threshold – that is, that there might be insufficient funding available to reward everyone in the event that the majority did well in the assessment – the experience of very high pass rates (see previous section) appears to have substantially allayed this fear.

There emerge, then, a number of differences in attitude between teachers and civil servants. First, it appears that teachers are less supportive of the principle of PRP. At the same time, they are less likely to feel that PRP gives them genuine incentives to increase their performance. However, while the overall incentive effect of PRP seems to be weaker for

teachers than for their counterparts in the civil service, its impact on cooperation among employees appears less marked. Similarly, PRP seems to have less harmful consequences for employee-management relations in the case of teachers, who appear less suspicious of management's oversight of the system than civil servants. These divergences can substantially be ascribed to differences in the respective approaches to PRP of bureaucratic and professional employees, the former being more comfortable with following performance directives from management, and the latter being accustomed to exercise relative autonomy over work targets and patterns (Marsden, French et al. 2001). Furthermore, the shared professional identity of classroom teachers and those in managerial roles may well contribute to a more amicable relationship between these two groups. In the big picture, however, these results indicate that, as per the case of the Civil Service, teachers harbour concerns about a number of the procedural justice aspects of the new pay system.

We can examine this possibility in more detail by studying the relationship between teachers' perceptions of the effects of PRP and their reports of a number of aspects concerning its operation which are likely to reflect inadequacies in procedural justice. Our chosen outcome variables are those of 'perceived incentive' and 'perceived divisiveness', which we derive from a factor analysis of relevant variables (see Table A2). We use OLS regression to relate these factors to variables that capture teachers' potential concerns with the issues of the choice of incentives, measurement difficulty, and management good faith. A simple, informal model of the key relationships, and their signs, may be summarized as follows (Marsden 2003, p. 9):

- a. perceived incentive (+) = f{effective appraisal (+), clear targets (+), scope for improvement (+), financial incentive (+)}; and
- b. perceived divisiveness (+) = f{effective appraisal (-), clear targets (-), scope for improvement (-)}.

We further control for individual and school characteristics, and for a measure of affective commitment to the job, which we expect to mediate perceptions of working conditions (Table 2).

The results of this analysis are largely consistent with the models presented above. Clear setting of targets and the existence of scope for performance improvement are both positively and significantly related to the perception that PRP provides genuine work incentives. These relationships are robust to the inclusion of controls. The financial incentive variable predicated by the model is only weakly relevant, but in any case we feel that it is the least well measured of those included in the regression. Surprisingly, the effectiveness of the

appraisal appears to have no effect on this perceptual outcome. This is not the case with the other outcome: perceived divisiveness is significantly reduced in concert with the effectiveness of appraisal, as it is with the clarity of target setting. Here, neither the scope for performance improvement nor the financial incentive variables have any impact. However, it seems that a teacher's sense of affective commitment to their work considerably reduces the divisiveness engendered by the PRP system. As above, these results are robust to controls.

Perhaps most importantly, this set of results is consonant with those derived from similar analyses conducted for other public servants studied by the CEP (Marsden 2003). This is to say that the dimensions considered contribute to teachers' perception of a lack of incentive, and the presence of a sense of divisiveness, associated with the PRP system. The key aspects of this finding appear to be weaknesses in the processes of goal setting and appraisal, and a lack of confidence that the employers will deliver on promises made concerning the rewards for performance. Thus, the early stages of the teachers' scheme are marked by procedural weaknesses similar to those which have marked those implemented elsewhere in the public service. Procedural justice issues, it seems, are of importance to teachers working under the new pay system.

## **5. Do Teachers See the Need for a Union Role?**

From the perspective of the unions, it is important to know whether teachers believe unions to be capable of protecting them from unfair treatment. One way we can get at this information is to refer to the survey questions that relate to the perceptions of shared or conflicting interests with other groups that teachers hold (Table 3).

Teachers' responses to these questions suggest that they feel a strong sense of shared interests with their colleagues, with the unions, and, to a lesser extent, with the leaders of their schools. However, this contrasts starkly with their perceived absence of shared interest with the system's designers (government) and those responsible for overall control of the system (government, governors), which, although slightly reduced by the experience of the Threshold, is relatively stable across waves. It would seem therefore that teachers would be strongly supportive of union efforts to use their institutional resources to represent employee interests in the assessment procedure. This interpretation is buttressed by the results of logistic regressions which find that teachers who actively identify their interests with those of

the unions are also significantly more likely than others to fear quotas and favouritism, and to believe that an appeals procedure is necessary to ensure fairness, in the operation of PRP (Table A3). Although these results are weaker in the second wave of the survey that follows the initial Threshold assessment, they indicate that teachers who identify with the unions (nearly 2/3 of the population) represent a constituency to which the unions could plausibly offer services relating to procedural justice.

We also asked who might provide a legitimate voice for teachers' views about the goal of performance standards: who should determine standards of excellence in teaching? The teaching profession emerged as the leading candidate (Marsden 2000). As the unions play an important part in maintaining the overall coherence of the teaching profession, this suggests that they can have a clear role.

## **6. Procedural Justice and the Unions**

In the case of classroom teachers, therefore, we can observe both employee demand for procedural justice in the operation of the new pay system, and evidence that employees believe unions to be the most plausible providers of services to meet this demand. In the wake of our discussion (see section 2) of the critical areas of intervention in such a system to the end of procedural justice, we now turn to examine the following types of union activity as they relate to our case:

- Informing employers about the kinds of incentives that employees feel are appropriate for their work;
- Conveying employees' views about the practicalities of applying performance measurement to their jobs; and
- Working to ensure the fair operation of PRP schemes by management;

In this section, we review the actions of the teaching unions in these three areas, and we investigate the unions' alternative proposals for a fairer linking of pay and performance.

## **6.1 Choice of incentives: information about teachers' work motivators**

A consistent feature of public sector performance pay schemes has been the emphasis on the role of individual performance pay as an incentive for better performance. For example, in the mid-1990s, managers in the Employment Service had favoured group schemes because of the agency's recent reorganization on the basis of team working in its local offices, but had to bow to pressure from the Treasury to implement individual PRP. One of the presuppositions of individual PRP is that employees will increase their individual effort, physical or mental, in order to achieve the extra performance required to the additional reward. This assumes that the employees concerned value that kind of extra reward at the margin, as distinct from having a good basic salary. It also assumes that changes in performance can be clearly attributed to the efforts of particular individuals. Imposition of inappropriate incentives can undermine employee perceptions of procedural justice in two ways. At one level, the mismatch of incentives with employee motivations will increase the unpredictability of rewards, and teachers may see what they regard as the wrong kind of performance attracting rewards, and the most valuable performance going unrewarded. At another level, it displays a disregard, or a lack of respect, for employees' own judgement, sometimes referred to as the 'interactional' component of procedural justice (Folger and Cropanzano 1998).

The teachers' unions have been collating and communicating such information on several occasions during the period of discussions about performance pay and appraisal. Among the classroom teachers' unions, the ATL joined forces with the head teachers' unions to commission research on 'what makes teachers tick', exploring the factors which they judge important for morale and motivation for themselves personally, and for teachers in general (Vaarlem, Nuttall et al. 1992). This research, which was fed into the national deliberations about teachers' performance management, showed that 'good pay' came a long way down their list of factors boosting their morale and motivation, ranked 27 out of 38 items. At the top of the list were job satisfaction, good relations with pupils and a manageable workload. Even among the items judged 'unsatisfactory and very unsatisfactory', pay came one third of the way down the list of priorities. No doubt there is a degree of self-selection – teachers who wanted more money may have already left the occupation, or never entered it. Central to the issue of PRP, is whether employees find extra pay for increments in performance attractive. The same union-commissioned survey showed that teachers ranked extra pay for individual or for school performance as the least important items for teachers' morale and motivation

(respectively 13<sup>th</sup> and 14<sup>th</sup> out of 14 items). At the top were better media portrayal, fewer out-of-school hours, and improved pay for all teachers. Pay emerges as a major source of dissatisfaction, but it not a major source of good morale or motivation.

In similar fashion, the two head teachers unions, NAHT and SHA, made the same point to the government in their joint evidence to the School Teachers' Review Body (STRB) in 1996 in response to a government invitation to comment on its proposals for performance pay for school teachers:

The two associations anticipate that both the morale of the profession and positive and constructive staff relationships within schools will be threatened. [...] PRP could not be effective in improving performance unless perceived as fair by a substantial majority of teachers: most NAHT and SHA members believe this is not the case.

(NAHT and SHA 1996)

Thus we can see that the union message that management must consider the broader motivational environment if it is to elicit maximum 'performance' within schools – and not just rely on monetary rewards for a narrow set of behaviours – is substantially supported by empirical evidence.

## **6.2 Measuring performance: 'pupil progress' and its construction**

One of the biggest problems in designing a workable model of performance pay for schools has been the operationalization of suitable performance criteria. If the criteria are subsequently deemed inappropriate, it is most unlikely that teachers will find them motivating. The psychological research on goal-setting theory has often stressed the importance of agreed goals that are jointly set, on the grounds that this approach will lead employees to adopt them as their own and seek to apply them in their work (Locke and Latham 2002). If the criteria are deemed inappropriate or inapplicable, then employees will not adopt them voluntarily, and are only likely to apply them if their work is closely monitored.

In this respect, the criterion of 'pupil performance' – central to the government's efforts to raise standards in the educational system – makes an interesting example. Frequently, the teachers' unions have emphasized the interdependence and teamwork that is involved in the progress of the pupils in their charge. This understanding of the construction of 'pupil performance' contrasts with that commonly used by government actors. For

example, in 1992, John Patten, the then Secretary of State for Education, when inviting union views on performance pay, wrote in a letter to the STRB that

the most effective way of improving teachers' performance is by establishing a regular and direct link between an individual teacher's contribution to the education of pupils and his or her reward.

(STRB 1993, Appendix A)

The then government, therefore, saw pupil performance as a function of the input of individual teachers, rather than of a broader context or system, e.g., a school or a community. The Labour government has appeared to concur with this judgment, given the inclusion of the pupil progress criterion in the 1998 Green Paper (DFEE 1998). However, in their joint response to this and to the STRB in 1993, the NASUWT and the NUT stressed the following points:

[T]he two teachers' unions oppose performance related pay as the term is usually understood; that is, a specific individual or group bonus scheme ... that operates in addition to the normal pattern of career progression and promotion. [...] This system is singularly inappropriate to the teaching profession, which depends on a collaborative approach, and where success is a relative and cumulative process, built on years of interdependence and teamwork.

(NASUWT and NUT 1993)

It is apparent that the unions prefer to conceive of 'pupil performance' as an outcome that transcends the efforts of any individual teacher. As a result, they argue that if pupil performance is to be included as a criterion in the calculation of teachers' pay, then it must be articulated in a manner much different to the simple tabulation of exam scores. This much can be discerned from the joint union submission of evidence to the STRB in September 2001, in which they sketched out the criteria they saw as more appropriate for Threshold standard:

The teachers' organisations maintain that the Threshold standards should focus on the input factors which contribute to high quality classroom teaching, such as skill, knowledge, classroom management, planning and preparation. If teachers are required to demonstrate through the evidence they provide that they are delivering these effectively and assessment confirms this then it would be reasonable to conclude that pupils are making appropriate progress.

(ATL, NASUWT et al. 2001, p. 29)

In fact, this set of concerns has had a long pedigree, indicating a remarkable consistency of judgement over time. For example, in 1993 the teachers' unions made similar warnings in response to the then government's proposals:



Criteria for promoted posts are objective and seek to match the abilities of the teacher to the responsibilities of the post. This is a proper procedure for career progression and one where additional remuneration is not based upon a series of crude indicators which are often outside the control of individual teachers.

(NASUWT and NUT 1993, para. 10)

The same document also warns of the dangers of concentrating on too narrow a set of criteria which can induce teachers to ‘teach to the test’, thereby neglecting the educational priorities of the school and the needs of particular children’ (para. 8.11). Similar statements by the National Association of Governors and Managers (NAGM) underline the consistency of these opinions at all levels of management in schools:

NAGM does not agree with the Government’s aim of devoting an increasing proportion of the teachers’ paybill to pay linked to an individual teacher’s performance ... either as a means of motivating teachers or as a means of linking their personal reward to their contribution to the performance of the school.

(NAGM 1996)

### **6.3 Working for fairness: provision of information to members**

An important factor in promoting procedural justice is the provision of trusted information on what teachers need to do in order to apply for the rewards attached to good performance. All the teachers’ unions, whatever their official position on PRP, provided advice to their members on how to apply to pass the Threshold. Usually this was supported by made available to members from their union’s website. ATL provided a set of booklets of its own offering advice and information to members; the NASUWT teamed up with SHA to offer a joint model policy for performance management; and the NUT, in addition to such materials, set up its ‘Threshold watch’ to monitor problems posed by the scheme.<sup>4</sup> These documents gave teachers step by step accounts of how to apply with hints and tips gleaned from many sources.

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<sup>4</sup> Examples include:

- ATL (2000). Performance Management and You: Advice and Information for Members. London, Association of Teachers and Lecturers
- ATL (2001). Setting Objectives: Advice and Information for Members. London, Association of Teachers and Lecturers
- NASUWT and SHA (2000). NASUWT Performance Management: Teachers, Team Leaders: A Practical Guide, National Association of Schoolmasters/Union of Women Teachers and Secondary Heads Association, August 2000
- NUT Media Centre (2000). NUT Launches Threshold Watch as Confusion and Inconsistency Hit Government Scheme, National Union of Teachers, 15 June 2000

How extensively these were used by teachers is shown by the MORI poll commissioned by the DfES in spring 2001 (Figure 1). Two thirds of teachers obtained information and advice about applying from their unions, and over half from their head teacher. This compared with only a quarter who used the DfES publications and website. It is clear therefore that this support by the unions proved very effective in diffusing information about the scheme that teachers felt was fair and reliable.

#### **6.4 Alternative proposals for appropriate incentives and career structures**

Criticism of a government initiative that is always negative runs the risk of being disingenuous and insincere, arguments used tactically in a negotiation without their being any serious belief in their merits. To some extent, the consistency of the message from the teachers' unions reflects an alternative conception of the link between pay and performance. This is shown in their longstanding concerns about the reform of the career structure for classroom teachers. One such concern is the wastefulness of forcing experienced and able classroom teachers to take on management and administrative tasks once they reach the top of their pay scale for classroom activities if they want additional salary.

Both the NASUWT and PAT have argued for the creation of some kind of 'principle' or 'chartered' teacher grade that would enable schools to reward the performance of experienced and able teachers and yet keep them in the activity at which they excel. As a part of this alternative model, it was proposed that the performance required for access to this new grade of classroom teacher should be based on 'rigorous assessment of the abilities and experience of teachers' (NASUWT 1999). This process would be one of promotion rather than appraisal, and being less frequent, it could involve more objective and more verifiable sources of information. In the same document, the union proposed that appraisal and pay could be linked, but ex post rather than ex ante as in performance pay. In other words, the improved pay is offered, and 'appraisal would form the quality control mechanism'.

In its response to the Green Paper, PAT reiterated its views on how the upper tier should be constituted, stressing the role of a leadership as opposed to a management function among classroom teachers. The former would be focused on teaching activities (PAT 1999). Underlining the different approaches of the unions over performance pay, the NUT also has proposals for senior teachers. However, the criteria for access are perhaps easier to monitor than those proposed by the NASUWT, as they emphasize the demands of the job rather than

the skills or performance of individual teachers. The NUT proposed new salary structure includes senior posts which are

different from those of the head and deputy head teachers, but carry substantial and significant additional responsibilities. [...] [T]ypically such posts will include heads of department or faculties or other whole school responsibilities involving academic and team leadership responsibilities.

(NUT 1999, para. 343)

Thus, one can see that the teachers' unions have all been actively seeking out members' views – hence the large number of membership surveys commissioned – since the Conservative government's initial proposals to introduce performance pay and appraisal for teachers. Furthermore, they have been trying to impress on successive governments some of the complexities of making performance pay and performance management work effectively in schools.

In the above critical areas of intervention, then, we detect union involvement to the end of procedural justice. Certainly, this means that the unions have at least partially adopted a procedural justice role in relation to the new pay system. Furthermore, they have made a considerable positive contribution to the debate about how to improve the system in procedural justice terms. These observations, however, raise the question of the effectiveness of their activities in the role, and it is to this subject that we turn in the next section.

## **7. Changes to the Pay System Achieved by the Unions**

As a measure of the success of the teachers' unions in gaining adaptations of performance management to the practicalities of their operation in schools, one can point to three significant areas of change: the pupil progress element in assessment; the criteria for moving up the UPS, and the resumption of collective bargaining as a means of establishing new procedures.

## 7.1 Softening of the ‘pupil progress’ criterion

In the Green Paper, the first – and perhaps most controversial – performance criterion was pupil ‘performance’ (DFEE 1998, para. 86). The subsequent Technical Consultation Document defined this standard as comprising

a portfolio of information about the teacher’s performance, including classroom observation, analysis of pupils’ results over time, and evidence of the teacher’s commitment to professional development and its impact on classroom performance.

(DFEE 1999, para. 24)

By the autumn of 2000, after the NUT challenge of the new pay system in the High Court, the criterion’s label had changed to ‘pupil progress’, but it appeared that the underlying concept remained unaffected, as the statutory amendment of teachers’ pay and conditions dated November 2000 defined pupil progress prominently in terms of examination results:

Teachers should demonstrate that, as a result of their teaching, their pupils achieve well relative to the pupils’ prior attainment, making progress as good as or better than similar pupils nationally. This should be shown in marks or grades in any relevant national tests or examinations, or school based assessment for pupils where national tests and examinations are not taken.

(DFEE 2000, Annex 1, para. 5)

Though seemingly constant across time at the level of policy, this emphasis on pupil test results in the assessment of teacher performance was less salient at the level of practice. Indeed, there had been total union opposition to the rigid interpretation of the pupil performance Threshold standard in the run-up to implementation of the pay system in 2000, although there was some variation among the unions in the intensity and precise focus of their opposition. This opposition was registered by the STRB in the course of the consultation process underlying its special review of the Threshold (STRB 2000b, October), which was itself triggered by the High Court’s finding against the government. In its pronouncement on the issue, the STRB took particular care to acknowledge the concern of a number of unions that the criterion might be applied in a ‘formulaic’ way, asserting that pupil progress should be ‘fairly assessed in the context of the school and the pupils’ backgrounds’ in order to head off this possibility (STRB 2000b, p. 3). As a result of union pressure and action, the pupil progress standard was substantially loosened in practice relative to the government’s original proposal.

## 7.2 Reduced ‘tapering’ of the UPS

The nature of movement along the upper pay spine was also subject to contrasted views. The government’s initial view was that the access to the top of the UPS should not be automatic, but ‘tapered’: it should require increasingly high standards of performance.

This view was expressed by the DfES in its evidence to the STRB in 2000 (STRB 2000a, para 88), and confirmed by Estelle Morris, Secretary of State for Education and Employment, in her letter to head teachers dated 5 March 2002, ‘Performance pay points’ (DfES 2002). She stressed that whereas passing the Threshold should be ‘demand led’, moving up the UPS should not be so. Otherwise, there would be no incentive for teachers to improve. She placed the decision with head teachers as part of the normal performance management process in schools. However, she also stressed that the government was making extra money available so that it could honour decisions by head teachers for moving individual teachers to UPS point 2, £100m in 2002-03 and £150m for the following year. The same view was expressed by the Secretary of State to the STRB in 2003:

In responding to these recommendations, the Secretary of State welcomed many of the points we made, including the reiteration that rates of progression should vary between individuals. He said that movement up the scale should be on a progressively more challenging basis and he would return to these issues in a further, wide-ranging consultation later this year.

(STRB 2003, para. 7.3)

However, by March 2004, the 2004 STRB report confined its agenda to progression to UPS point 3, and reported that progression on the UPS had not been working as originally intended (STRB 2004). ‘Tapering’ was not much in evidence as a large proportion of those applying were successful. It also recommended that progression to the top two UPS points (4 and 5) be replaced with a new ‘Excellent Teacher Scheme’ (ETS). Promotion to the latter could conceivably involve national criteria and a national assessment model, with some external assessment, and possibly, training for an additional qualification, and it would be strongly ‘tapered’. The STRB suggested that teachers on the truncated UPS might be called ‘Senior Teachers’ and those passing the ETS, ‘Principal Teachers’ (STRB 2004, paras. 2.29-2.31). In any case, the issue of ‘tapering’ had been deferred to a future – and as yet not fully defined – scheme by negotiation between the unions and the government.

In April 2004, the Rewards and Incentives Group (RIG), established following the 2003 STRB report, started work on a revision of the UPS and clarification of the procedures for progression to UPS points 2 and 3. This group comprised the DfES and all the teachers’

unions except the NUT. It agreed that progression should be based on two consecutive successful performance reviews, with these reviews to involve performance objectives, classroom observation, and other, unspecified, evidence. To ensure that the teachers' contributions have been 'substantial and sustained', the review would need to assess whether teachers have 'continued to meet Threshold standards' and had 'grown professionally by developing their teaching expertise in their field' (RIG 2004).

Such criteria clearly imply progression on individual merit, rather than according to any form of quota, and there is an emphasis on increased skill rather than increased performance. Thus, one can argue that the UPS has undergone considerable change away from the former concept of tapered progression towards a much more inclusive system, in similar manner to passing of the Threshold. This change is clearly consistent with the arguments put forward by the teachers' unions.

Nevertheless, the DfES has retained two important original elements of the scheme. Performance review is firmly established in schools as a part of their normal management, and even though rates of success are high, progression is not automatic. It also retains the possibility that progression to the proposed 'Excellent Teacher Scheme' should be 'tapered'; indeed, this would be consistent with the previous proposals of all the classroom teachers unions except the NUT. This outcome leaves a sufficient margin of ambiguity that most of the unions argue the new system is no longer 'performance pay', whereas the NUT argues that their view is mistaken.

### **7.3 Resumption of collective bargaining**

Finally, the RIG agreement represents an important procedural step, as it is an agreement between the DfES and all the teachers' unions (except the NUT) over matters relating to the allocation of pay. It comes after a similar agreement on measures to rationalize teachers' work loads reached in the autumn of 2003, again with all the unions except the NUT, and is the first such agreement since the previous Conservative government withdrew from collective bargaining for teachers in 1991. Significantly, the government's decision to bring the unions on board with the pay system may be interpreted as emerging evidence of employer demand for unions' procedural justice services.

#### **7.4 To whom do teachers attribute these changes?**

A final piece of evidence for the effectiveness of this new role for unions concerns whether employees themselves believe the changes have occurred, and if so, to whose actions do they attribute them. Provisional results from the third wave of the survey in 2004 indicate that among the teachers who believe there have been significant changes in performance management, ending the ‘tapering’ of the upper pay scale, and broadening the criterion of pupil progress significant numbers attributed these changes to the actions of their unions. Over half credited the unions with the end of ‘tapering’ and nearly two thirds, with the change on pupil progress. The next most important agents, by a wide margin, were individual head teachers who voiced their concerns about the operability of the scheme. Thus, the teachers’ unions were seen not just as potential guarantors of procedural justice, but were also seen by teachers as having been effective in changing key aspects of the new scheme.

### **8. Conclusions**

One possible objection to the argument in this paper is that the history we have traced does not demonstrate the scope for unions to develop their procedural justice role because the conflict is a standard one over distributive justice. The Threshold and UPS progression were simply devices by the employer to phase teachers’ access to the £2,000 pay increase and further progression, and to restrict its coverage in order to reduce the impact on the overall salary bill. For their part, the teachers’ unions were simply fighting to get the pay increase for as many teachers as they could. This view is not implausible. Successive CEP surveys of PRP show that many employees believe the employer’s purpose is primarily to save money. Why else, one might ask, would ministers and top public management under successive governments persist with PRP schemes which the government’s own report (Makinson 2000) suggested did not motivate staff?

There is also a possible theoretical objection, arising from the research literature on organizational justice. There is a big debate as to how important is the distinction between distributive and procedural justice in the minds of those working in organizations, and whether procedural justice is more than just an instrument for achieving distributive justice

(Greenberg 1990). Clearly, if this is so, then there is not much mileage for unions in developing new representational strategies based on procedural justice.

We reject this interpretation for three reasons. First of all, our interest has been in what might be called an emergent strategy. This is not necessarily one that the parties recognized at the outset, but as the experience with PRP has progressed, unions have developed new capabilities to serve their members. This has been the first full-blooded experience of the classroom teachers' unions and classroom teachers' managers with the type of performance management and performance pay systems which have spread rapidly across the public sectors of advanced industrial countries (OECD 2004). Such pay systems pose a new set of problems for unions and for management because of the increased management discretion in their administration, and out of these new challenges, one can observe new responses. In fact, in this paper, we have examples of both traditional and new responses to PRP. The traditional union response to attempts by management to increase its discretion over pay is to seek to rein it in by means of fixed and objective rules. This happened with older payment-by-results schemes. Elements of this can be seen in the NUT's proposals for rewarding senior classroom teachers. It stressed that these should be tied to the demands of the job, in the form of extra responsibilities, for example. In contrast, the NASUWT and the PAT have stressed the need to reward qualities and expertise of the teachers themselves, albeit by a process of evaluation similar to that for promotion. This is taking a step towards giving management greater scope to reward variations in teacher quality, albeit in a way that seeks to make it fair. Thus both approaches have been present in the way the unions have responded to the new pay system.

The second reason is that there is a degree of consistency in government policy on performance across a range of public policy areas, and this extends far beyond PRP. Management are trying to do something different. The development of performance targets as a means for democratically elected governments to steer the performance of public servants has been applied and developed progressively across all levels of organizations. In the civil service, during the period surveyed by Makinson, it has been shown that PRP did in all probability contribute to higher productivity because it was articulated with middle management and organizational level targets (Marsden 2004). By virtue of this, the government was able to use PRP to negotiate a change in performance norms across the organization. Perhaps the most significant part of the PRP policies has been their systematic articulation with performance management, agreeing performance objectives with individual employees, articulating these with organizational goals, and periodically reviewing their



achievement. Although important, keeping down salary bill costs is only one of the employer's objectives in schools in relation to pay. Just as important an objective of the pay system is to help management steer the performance objectives of teachers and their schools.

The third reason is that many public employers are aware of the problems posed by lack of procedural justice. This is just what the Makinson report meant when it contrasted the evidence on civil servants' support for the principle with their disenchantment with practice of pay for performance. The relevance of this to classroom teachers was re-emphasized when the same regression models for perceived incentive and perceived divisiveness were applied to our replies from teachers as were applied to those of civil servants. The importance of effectively operated appraisals and clear goal setting proved to be important for both groups of employees. This also answers the question from the research literature on organizational justice, and underlines the importance of the procedural fairness of reward systems.

Thus we infer that the negotiation and representational activity by the teachers' unions, after the government's initial proposals, have focused very effectively on operational issues of performance management and performance pay. What performance criteria do teachers feel capture the most important elements of their jobs? Can they be operated fairly, and in a way that teachers deem sensible, and can arbitrary decisions by line managers be avoided? Moreover, their actions seem to have led to substantial changes in the way the new pay system is operated. This amounts very much to a focus on the procedural justice of the new pay performance management system in schools, and it appears to be a major concern of the majority of the teachers' unions. Nevertheless, one should remember that the NUT's statements and policies display much greater scepticism as to reform of the new pay system.

To conclude, modern pay systems which are designed to give management more scope to reward individual employee performance depend for their effective operation on a reasonable degree of procedural justice. If they lack this, the schemes are unlikely to motivate staff, and unlikely to help management mobilize the discretion that employees have in their jobs. For unions, this provides a new challenge and a new opportunity. The challenge is that the more individualized reward systems are often seen as a threat to collective solidarity and to union effectiveness. The opportunity is that such schemes need an element of independent employee voice if they are to be seen to operate fairly. If unions can develop suitable representational strategies, then they have the opportunity to boost the services they provide to their members, and also a means to reduce management opposition to union presence. It would seem from our analysis of the case of classroom teachers' PRP that this role can be, and has been, effectively played by unions.

## 9. Tables

**Table 1: Comparison of Attitudes to PRP in Schools and in Civil Service**

% in each cell replying 'agree' or 'agree strongly'	Civil Service			Schools	
	Inland Revenue 1991	Inland Revenue 1996	Employment Service	Class teachers 2000	Class teachers 2001
<b><i>Pay and work orientations</i></b>					
PRP a good principle	57	58	72	26	32
<b><i>Motivation: perceived incentive</i></b>					
PRP gives incentive to work beyond job requirements	21	18	12	13	8
PRP gives incentive to show more initiative in my job	27	20	20	NA	12
PRP means good work is rewarded at last	41	19	24	25	37
<b><i>Motivation: perceived divisiveness</i></b>					
PRP causes jealousies	62	86	78	88	64
PRP makes staff less willing to assist colleagues	28	63	52	NA	23*
PRP has made me less willing to cooperate with mgmt	10	30	26	NA	10
<b><i>Relations with mgmt: non-manager replies</i></b>					
Mgmt uses PRP to reward their favourites	35	57	41	54	39
There is a quota on good assessments	74	78	74	81	22
<b><i>Relations with mgmt: line manager replies</i></b>					
PRP reduced staff willingness to cooperate with mgmt	20	45	39	NA	18
PRP has increased the quantity of work done	22	42	28	NA	34

Sources: (Marsden 2003, Table 1) (Civil Service); CEP survey of class teachers (Schools)

Note: based on five-point Likert scales: 'strongly disagree', 'disagree', 'no view', 'agree' and 'agree strongly' (except \*, answered 'yes' to yes/no question)

Note: teachers' results based on panel respondents from England sample only

**Table 2: Correlates of perceived incentive and divisiveness**

<i>OLS coefficients (robust standard errors)</i>	<b>Perceived incentive</b>		<b>Perceived divisiveness</b>	
<b><i>Operation of PRP</i></b>				
Effective appraisal	-0.006 (0.068)	0.064 (0.075)	-0.342** (0.072)	-0.240** (0.081)
Clear targets set by mgrs	0.355** (0.032)	0.350** (0.035)	-0.112** (0.034)	-0.110** (0.037)
Scope to raise performance	0.321** (0.048)	0.325** (0.055)	-0.037 (0.046)	-0.040 (0.049)
Financial incentive	-.217* (0.131)	-0.154 (0.164)	-0.185 (0.122)	-0.037 (0.145)
<b><i>Commitment</i></b>				
Affective commitment	0.019 (0.031)	0.020 (0.034)	-0.243** (0.030)	-0.229** (0.033)
<b><i>Control variables</i></b>				
Personal characteristics	No	Yes	No	Yes
School characteristics	No	Yes	No	Yes
Constant	-1.332** (0.168)	0.177 (1.122)	0.794** (0.182)	0.635 (1.091)
R-squared	0.19	0.21	0.13	0.16
F statistic	40.12	8.71	23.66	6.09
N	966	796	966	796

*Significance: \*\* 1%; \* 10%*

*Source: CEP survey of class teachers (2001 data only)*

*Note: personal characteristics comprise age, tenure in school, highest qualification, FT/PT, member of leadership group, trade union member, partner in employment, and any dependants; and school characteristics comprise primary/secondary, NUTS 1-digit region, any pupil selection, and school size by pupil numbers.*

**Table 3: Which Groups Do Teachers Identify As Sharing the Same Interests in Connection with Performance Management?**

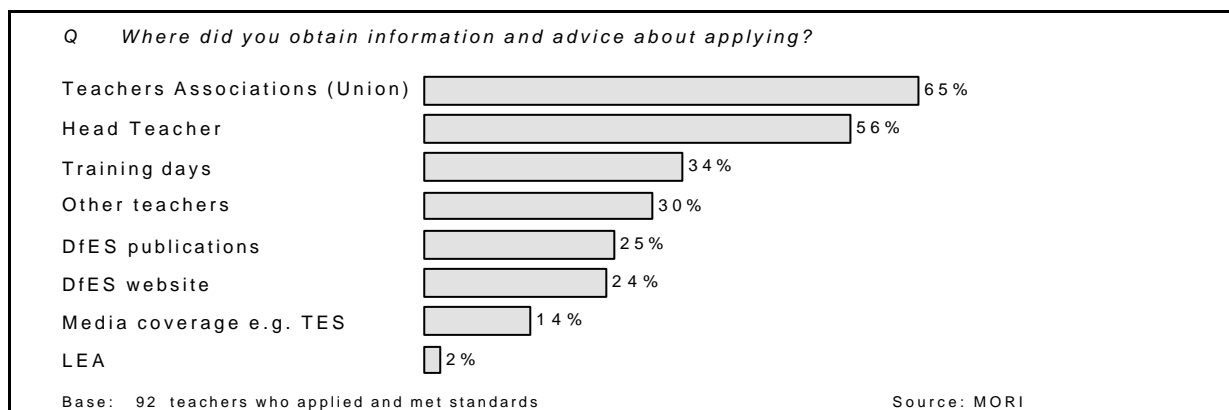
<i>% replying in each category</i>	<i>Wave</i>	<i>Broadly the same %</i>	<i>Mostly different %</i>	<i>It's hard to say %</i>
Your school's governors*	2000	22	17	61
	2001	30	21	49
The leadership group/management team in your school*	2000	49	20	32
	2001	60	21	19
Other teachers in your school*	2000	79	5	16
	2001	84	5	11
Other teachers in your union or professional association**	2000	65	5	30
	2001	67	5	28
<b>Your union or professional association**</b>	2000	<b>63</b>	<b>7</b>	<b>29</b>
	2001	<b>62</b>	<b>9</b>	<b>30</b>
The DfEE (sic) or your LEA*	2000	9	39	52
	2001	13	32	55

Source: CEP survey of class teachers

Note: \*differences between waves significant at 1% level; \*\*differences between waves insignificant at 10% level

## 10. Figures

**Figure 1: Sources of information used by teachers for Threshold applications**



Source: (DfES 2001)

## 11. Appendix

### 11.1 The sample

Our main source of information about the effects of the introduction of PRP on classroom teachers is a nationally representative survey conducted by the CEP over two waves, the first in February-March of 2000 in anticipation of the implementation of the new pay system, and the second a year later (May-June 2001), shortly after teachers were expected to know the results of their Threshold assessments. The survey probes teachers' attitudes to PRP in the light of their existing attitudes towards teaching, and its time-series nature enables us to investigate the effects of experiencing the appraisal process for the first time.

We restrict the sample to England, given the different nature of implementation in Wales, and to those teachers who respond in both waves, which delivers a sample of 1876 individuals. The restricted sample does not differ significantly from the full wave one cross-section sample on any observable dimension of individual or school characteristics. We supplement the information provided by the survey with qualitative data acquired through interviews with union officials and through secondary research.

**Table A1: Summary statistics for panel sample of individuals**

	<i>Variable</i>	<i>%</i>	<b>Mean</b>	<b>Standard deviation</b>
<b>Sex</b>	Female	59.7		
	Male	40.3		
<b>Contract type</b>	Full-time	91.3		
	Part-time	8.7		
<b>School type</b>	Primary	18.2		
	Secondary	81.8		
<b>Member of leadership group</b>		34.3		
<b>Member of ethnic minority</b>		2.9		
<b>Member of a teachers' union</b>		95.2		
<b>Eligible for Threshold in 2000</b>		75.4		
<b>Age (yrs)</b>			42.6	9.0
<b>Tenure in current school (yrs)</b>			10.5	8.0

*Source:* CEP survey of class teachers (2000 data)

## 11.2 Supplementary tables

**Table A2: Derivation of measures of perceived divisiveness and incentive by factor analysis**

<i>Rotated factor loadings</i>	<b>Factor 1: Perceived divisiveness</b>	<b>Factor 2: Perceived incentive</b>
The higher levels of pay above the Threshold mean that good teaching is rewarded at last	0.414	<b>0.583</b>
Linking pay with performance will give me more incentive to work beyond the requirements of my job	0.028	<b>0.854</b>
Performance management has made me want to show more initiative in my job	0.041	<b>0.806</b>
The Threshold has caused resentment among teachers who feel they already meet the standards but are not eligible to apply	<b>-0.642</b>	-0.212
The Threshold is the cause of divisions between management and staff in your school	<b>-0.745</b>	0.013
Performance management has reduced my wish to co-operate with management	<b>-0.732</b>	-0.071

*Source:* CEP survey of class teachers (2001 data only)

*Note:* Principal component factors after Varimax rotation

**Table A3: Association between Identification with Unions and Procedural Preferences**

<i>Coefficients expressed as odds ratios (robust standard errors)</i>	<b>Identifies shared interests with unions</b>	
	<i>2000</i>	<i>2001</i>
Threshold quota certain	1.126*** (0.041)	1.070* (0.043)
Hard to relate work in schools to performance	1.300*** (0.073)	1.046 (0.053)
Mgrs will reward favourites	1.088** (0.045)	1.059 (0.046)
Appeals procedure needed	1.133** (0.059)	1.215*** (0.066)
Pseudo R-squared	0.04	0.02
Chi-squared statistic	71.07	35.10
N	1773	1795

*Significance:* \*\*\* 1%; \*\* 5%; \* 10%

*Source:* CEP survey of class teachers

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