



### Chapter 3

## TEACHER EVALUATION AND COMPENSATION

Teacher evaluation is essential for improving the individual performance of teachers and the collective performance of education systems. Designing teacher-appraisal methods is not easy, and requires the objectives of accountability and improvement to be carefully balanced. A crucial feature is what criteria teachers are appraised against, including, but not limited to, student performance. Also important are the degree to which teachers improve their professional skills and, crucially, the part they play in improving the school and system as a whole. In this way, evaluation and appraisal need to be well aligned with the process of system change. However, it is not enough to appraise the right things; the ways in which appraisal is followed through will determine its impact. At present, many teachers feel that appraisal has no or little consequence. School leaders need to become more skilled at using it intelligently, and evaluation needs to be more closely connected with career development and diversity. A specific issue is the extent and style of links between assessed performance, career advancement, and compensation. Whatever system is chosen, it must be well understood and transparently applied.



### IN SEARCH OF AN EFFECTIVE TEACHER APPRAISAL SYSTEM

Teacher appraisal is advancing from checking whether teachers are doing their job to helping them improve.

New approaches to teacher appraisal seek to improve learning outcomes through fostering and targeting teacher professional development and holding teachers accountable...

...but achieving both these aims simultaneously is challenging...

...and requires careful implementation.

Summit participants reported a wide range of views on approaches to teacher evaluation.

The role of teacher appraisal has changed in recent years. Historically, in most countries it focused on monitoring to ensure adherence to centrally established procedures, policies and practices. In most education systems the focus has now shifted to how teacher appraisal affects learning outcomes (Box 3.2).

Retaining effective teachers implies not only that all teachers have the opportunities, support and incentives to continue to improve and perform at high levels, but also that ineffective teachers do not remain in the profession. Some groups in public discussion want to focus mainly on the latter issue, to the detriment of the image and achievements of the large majority of teachers. Others do not want to acknowledge that this is a real problem.

Effective teacher appraisal can help to improve teachers' practices by identifying strengths and weaknesses for further professional development – the improvement function. This involves helping teachers learn about, reflect on, and adjust their practice. Teacher appraisal can also help to hold teachers accountable for their performance in enhancing student learning – the accountability function. This typically entails performance-based career advancement and/or salaries, bonus pay and, in some countries, the possibility of sanctions for underperformance. It also usually involves evaluating performance at nodal points in a teacher's career.

Combining the improvement and accountability functions into a single teacher-appraisal process raises many challenges, and comparative research on the effectiveness of different models is just beginning to emerge. For example, when evaluation is oriented towards improving practice within schools, teachers are typically willing to reveal their weaknesses, in the expectation that conveying that information will lead to more effective decisions on developmental needs and teacher education. However, when teachers are confronted with potential consequences of evaluation on their career and salary, they are less inclined to reveal weaknesses in their performance, and the improvement function, which builds on trust in the relationship between appraiser and the appraised, may be jeopardized. In practice, countries usually use some combination of these approaches that integrates multiple purposes and methodologies.

Any teacher-appraisal system needs to be implemented with care. This involves reconciling the diverging interests of stakeholders, carefully analyzing policy alternatives and their likely impact, and discussing them with stakeholders to aim towards consensus. Teachers can and do see appraisal and feedback in positive terms. For example, 80% of teachers in the Teaching and Learning International Survey (TALIS) reported that it was helpful in developing their work as teachers; and almost half of teachers reported that it led to a teacher-development or training plan to improve their teaching.<sup>33</sup> One way of ensuring that teachers see such evaluation in positive terms is to involve them in school evaluations, in particular by organizing school self-evaluations as a collective process in which teachers take responsibility.

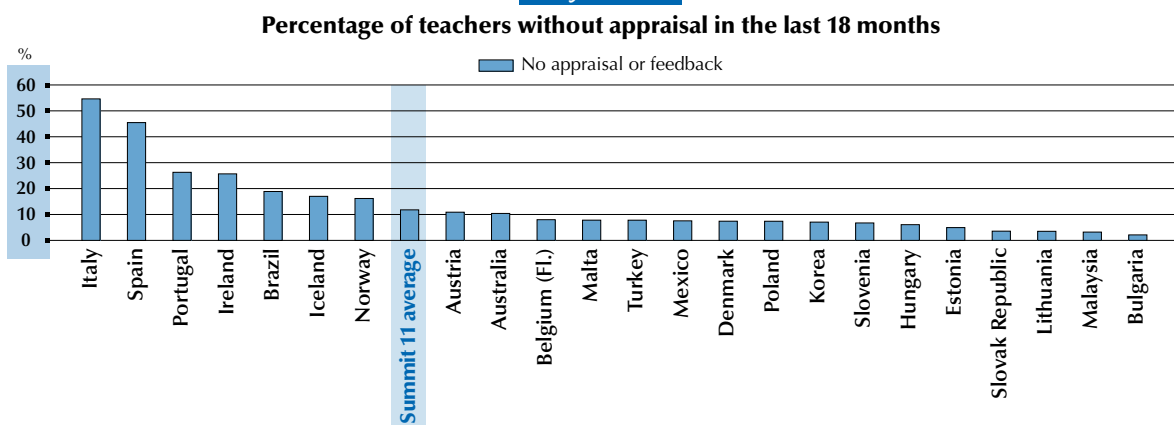
Effective appraisal requires the development of considerable expertise in the system, including training evaluators, establishing evaluation processes and aligning broader school reforms, such as professional development opportunities, with evaluation and assessment strategies. All of these require considerable resources, including time.

It was not surprising that the issue of designing and implementing fair and effective teacher evaluation systems provoked the most controversial discussion at the Summit. The evaluation approaches of countries reported in the Summit vary from structured government-mandated performance management systems like Singapore's (Box 3.4), to school-based systems relying on self and peer appraisal, like Finland's. Denmark reported on a teacher evaluation scheme that 94% of teachers voted for, which mainly relies on good school leaders to be in classrooms regularly and discussing teaching directly with



teachers. The Canadian province of Ontario reported on a system with some similarities to Singapore's, with evaluations based on sixteen competencies that are set by a professional college and managed by teachers and principals. New teachers are reviewed twice a year and experienced teachers once every five years, but all teachers have annual learning plans. However, unlike Singapore, Ontario's evaluations are not linked to pay. Some countries, such as Norway and Japan, reported placing great emphasis on the school itself as the unit of evaluation. In Norway, the move towards team teaching means that students are increasingly shared. In Japan, great emphasis is placed on teachers working collaboratively to improve performance. Poland reported about efforts to replace its system of individual teacher appraisals with a system in which school-level evaluations are closely interlinked with individual teacher evaluations.<sup>34</sup>

Figure 3.1



Note: "Summit 11" represents the average figure for the countries that were represented in the International Summit on the Teaching Profession.

Countries are ranked in descending order of the percentage of teachers who have received no appraisal or feedback.

Source: OECD (2009), *Creating Effective Teaching and Learning Environments: First Results from TALIS*, Tables 5.1 and 5.3.

As the notes from the Summit suggest, a host of questions were raised – the balance between teacher and school evaluations, the definition of quality and criteria to be used, the need for training for people conducting the evaluations, how to protect against discrimination, the relationship to compensation, and finally, the dangers of distorting an education system by relying on narrow measures of effectiveness.<sup>35</sup> Some of these issues are discussed in this publication. In order to make progress on any of these fronts, it will be essential for governments and teacher organizations to work together to invent a new vision for the teaching profession. It will also be necessary to move from a conversation among elites to engage a broader dialog with other stakeholders in the system – parents, students, employers. Several participants suggested that information and social media technologies could be used to give broader voice to teachers, parents, students and others who have a stake in the success of the education system.

While improving student learning outcomes is the central objective of teachers' work, the quality of those outcomes is not the only measure of the quality of teaching. Across OECD countries, teachers are judged on a range of criteria, such as:

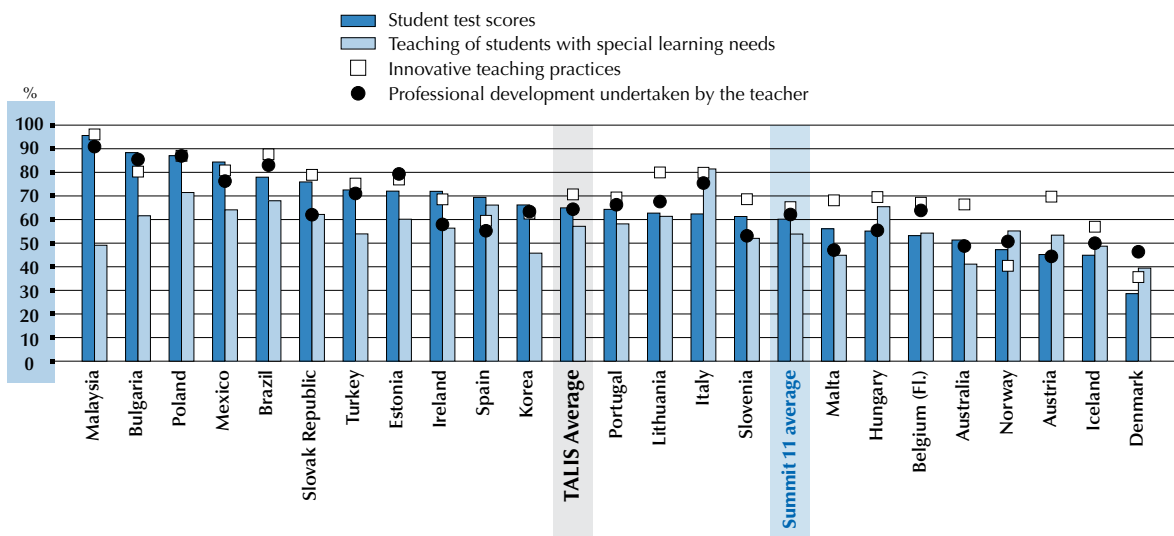
- teacher qualifications, including teacher credentials, years of service, degrees, certifications and other relevant professional development;
- how teachers operate in the classroom setting, including attitudes, expectations and personal characteristics, as well as strategies, methods and actions employed in their interaction with students; and
- measures of teacher effectiveness, based on an assessment of the degree to which teachers contribute to students' learning outcomes as well as their knowledge of their field and pedagogical practice (Figure 3.2).

The criteria used to evaluate teachers center on learning outcomes, although they also assess significant inputs, such as teacher qualifications and the learning environment created in classrooms...



Figure 3.2

## Criteria for teacher appraisal and feedback



Note: 'Summit 11' represents the average figure for the countries that were represented in the International Summit on the Teaching Profession.

Countries are ranked in descending order of the importance of student test scores in teacher appraisal and feedback.

Source: OECD (2009), *Creating Effective Teaching and Learning Environments: First Results from TALIS*, Table 5.4.

Across countries, such criteria are assessed by a variety of instruments, including scores of standardized student assessments, classroom observations, student-generated ratings, peer ratings, school principal and/or administrator ratings, self-evaluations, teacher interviews and portfolios, parental ratings, competence-based tests, and other indirect measures.

...but the key requirement is to align appraisals with system objectives and school evaluations.

These criteria need to be aligned with the objectives of the system and the schools. Aligning criteria for school evaluation with those for teacher appraisal and feedback can emphasize the importance of policy objectives at the school level and give teachers and school principals an incentive to meet such objectives.

### MAXIMIZING THE IMPACT OF TEACHER APPRAISAL

Appraisal, feedback and evaluation still have limited impact, which could be improved.

While many countries have innovative teacher-appraisal systems, in some they are still relatively rare or have limited impact. One in five teachers surveyed in TALIS work in schools that had not had a self-evaluation in the past five years, and one in eight received no appraisal of or feedback on their work during the prior 18 months (Figure 3.1). Moreover, only a minority of teachers reported that appraisal and evaluation affects their professional development (one in four), their career advancement (one in six) or their pay (one in ten) (Figure 3.3). Three-quarters reported that they would receive no recognition for improving the quality of their teaching, a similar number said that they would not be rewarded for being innovative, and only just over a quarter reported that teachers would be dismissed because of sustained poor performance (Figure 3.4). These are particularly worrying shortfalls in school systems where teachers are being urged to find creative approaches to teaching in rapidly changing learning environments, yet are more likely to be rewarded for seniority, even if they are underperforming, than for self-improvement or innovation.

This suggests considerable scope for improving the impact of evaluation, appraisal and feedback. Experiences from some countries show that the link between appraisal and improvement can be low-key and low-cost, and that appraisal can include self-evaluation, informal peer evaluation, classroom observation, and structured conversations and regular feedback from the principal and experienced peers. In addition to celebrating quality



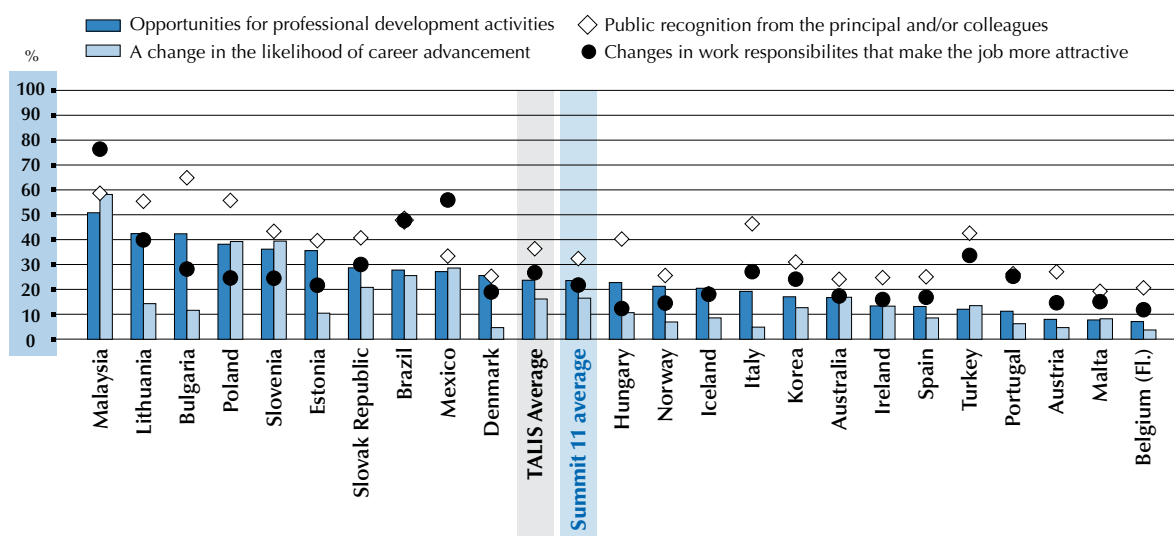
teaching and identifying areas for improvement, appraisals can also provide a basis for rewarding good teachers. Time allowances, sabbatical periods, opportunities for school-based research, support for post-graduate study, or opportunities for in-service education are just a few examples of the kinds of rewards for exemplary performance that could be offered if budget constraints do not allow for raises in salaries.

Data from TALIS show that where teachers receive feedback on their work, they are more likely to find it fair than threatening. On average, eight in ten teachers surveyed in TALIS who received feedback thought it was fair, and in all countries but Korea that proportion was more than six in ten. More than three-quarters of teachers also considered it helpful for their work, while the majority said it improved their job satisfaction and development as teachers, without reducing job security. These findings are important, given fears that appraisal and feedback linked to accountability will undermine teachers. Moreover, appraisals can help teachers build confidence in themselves: the more feedback teachers in TALIS received on specific aspects of their work, the more they reported that they trust their own abilities in these areas. They also reported that appraisal leads to changes in the specific aspects of their teaching on which it focuses. In some cases, the focus of appraisal mirrored the areas emphasized in schools' evaluation, facilitating policy makers' efforts to set a framework to influence teachers' work, creating a coherent link between policy priorities and changes in teachers' work and teaching practices.<sup>36</sup>

Improved appraisal and feedback can have beneficial effects on teachers, improving their job satisfaction and personal development as well as their effectiveness in implementing priorities for improvement.

Figure 3.3

## Impact of teacher appraisal on career



Note: "Summit 11" represents the average figure for the countries that were represented in the International Summit on the Teaching Profession.

Countries are ranked in descending order of changes in teachers' opportunities for professional development activities.

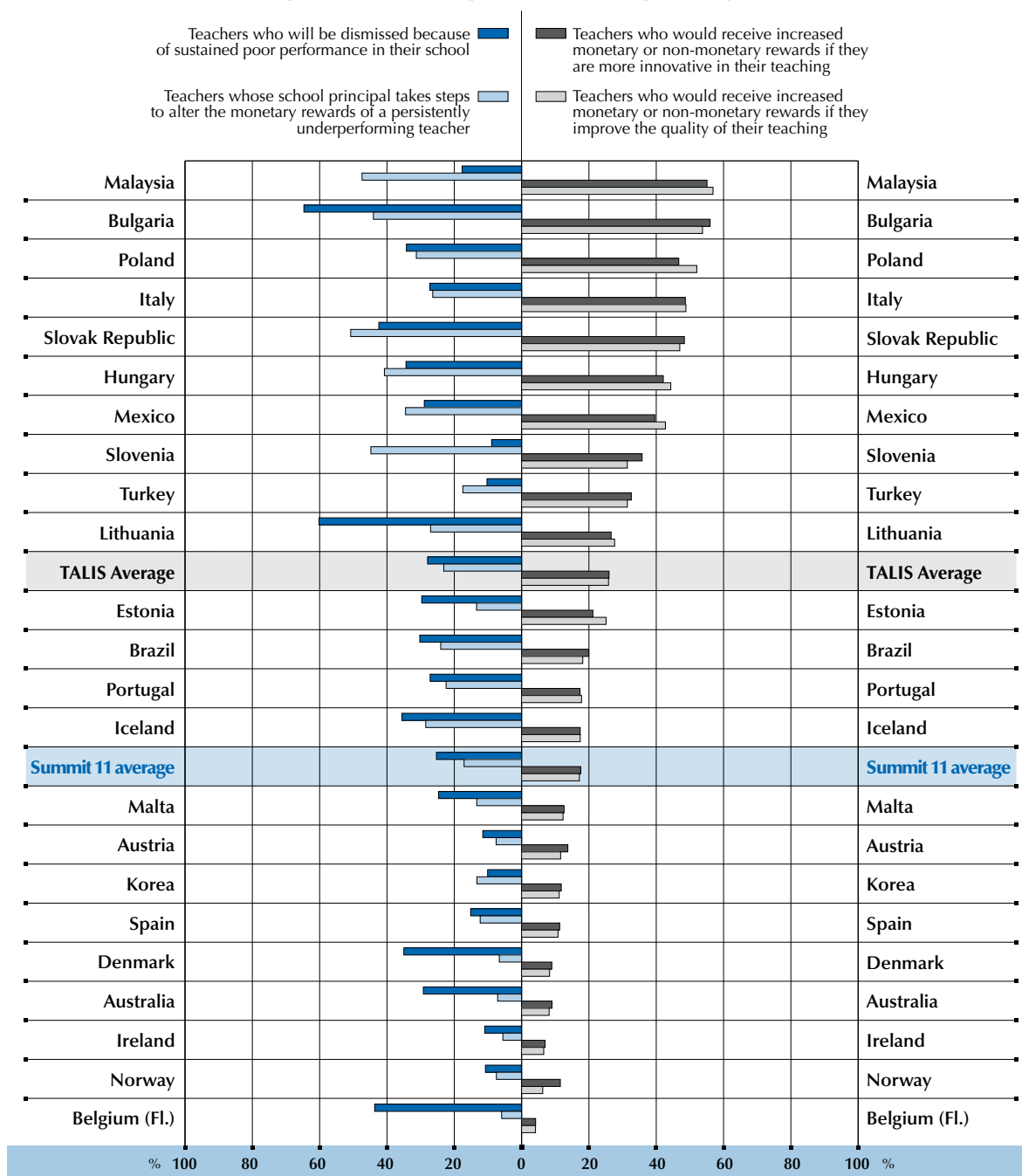
Source: OECD (2009), *Creating Effective Teaching and Learning Environments: First Results from TALIS*, Table 5.5.

Strengthening the system of teacher appraisal and feedback can also contribute to developing teaching skills within schools, according to teachers' reports. For example, greater emphasis on the framework for evaluating education in schools can strengthen links between school evaluations and teacher appraisal and feedback. The results of appraisal are often also used to plan the professional development of individual teachers. In turn, closer links with career progression have the benefit of addressing what teachers report as a severe lack of recognition for their development, and the perception that teachers' rewards are not properly linked to their effectiveness (Figure 3.4).



Figure 3.4

Consequences of teacher performance as reported by teachers



Note: "Summit 11" represents the average figure for the countries that were represented in the International Summit on the Teaching Profession. Countries are ranked in descending order of percentage of teachers reporting to receive increased monetary or non-monetary rewards for an improvement in the quality of their teaching. Source: OECD (2009), *Creating Effective Teaching and Learning Environments: First Results from TALIS*, Table 5.9.

All this shows that it is possible to overcome concerns about appraisal practices if the evaluation culture of schools and school systems is constructive, collaborative and formative. For policy makers, administrators, school principals and teachers, these findings highlight a dual benefit of appraisal and feedback, both to teachers personally and to the development of their teaching.





Linking recognition and rewards to teacher effectiveness is not just a matter of carrying out appraisals but also of school leaders adopting effective methods for identifying good performance. The fact that nearly four times as many teachers say that their principal does not identify effective teaching as say that they have not recently been appraised indicates the need for follow-through. This underlines the fact that the effectiveness of teacher appraisal critically relies on ensuring that those who design evaluation activities, those who undertake them and those who use their results all have the skills required to do so. In particular, successful feedback mechanisms require those involved to be clear about their responsibilities and to develop the required competencies to carry out these roles.

Effective teacher appraisal requires school leaders and others to develop new competencies...

Thus, competencies for using feedback to improve practice are vital to ensure that evaluation and assessment procedures are effective. Assessment for improving performance requires that actors, such as teachers, are included in the process of school development and improvement. As a result, it is appropriate to include training for evaluation in initial teacher education alongside the development of research skills. Similarly, the preparation to become a school leader is expected to include educational leadership, with some emphasis on feedback mechanisms (Figure 3.5). Particular groups, such as inspectorates, are also in a good position to engage in modeling and disseminating good practice in areas such as school assessment and teacher appraisal.

Teacher reports that appraisal and feedback have contributed to their development suggest that such systems also contribute to school improvement. Appraisal of teachers and subsequent feedback can help stakeholders to improve schools through more informed decision making. Such improvement efforts can be driven by objectives that consider schools as learning organizations that use evaluation to analyze the relationships between inputs, processes and outputs in order to develop practices that build on identified strengths and address weaknesses.

...and good appraisal and feedback can contribute to the improvement of schools as learning organizations.

### DESIGNING EFFECTIVE COMPENSATION SYSTEMS

Some Summit participants argued that compensation should not be tied to evaluation, either on principle because it is not fair to put the burden of a dysfunctional school system primarily on teachers – or because of negative side effects. Other countries are working to overcome these concerns and to include some element of financial rewards for performance. And surveys of teachers show that they welcome appraisal and feedback and many report that a good appraisal too often does not lead to any recognition or reward.

The most controversial topic discussed at the Summit was whether or not teacher evaluations should be tied to compensation.

As noted in Chapter 1, career advancement opportunities, salaries and working conditions are important for attracting, developing and retaining skilled and high-quality teachers and are intertwined. As teacher salaries represent by far the largest single cost in school education, compensation schemes are a critical consideration for policy makers seeking to maintain both the quality of teaching and a balanced education budget. Decisions on compensation involve trade-offs among related factors, such as ratios of students to teaching staff, class size, instruction time planned for students, and designated number of teaching hours. Data from PISA show that high-performing education systems tend to prioritize the quality of teachers, including through attractive compensation, over other inputs, most notably class size.

Overall teachers' pay varies across countries...

In a competitive labor market, the equilibrium rate of salaries paid to teachers across school programs and geographic regions of a country would reflect the supply of and demand for teachers. This is generally not the case in education, as salaries and other working conditions are often set centrally for all teachers – although this has been changing in some countries, notably Sweden, where the government now only sets a minimum starting salary and pay is negotiated between the principal and the teacher (Box 3.1). In most countries, however, teachers' salaries and conditions remain policy-malleable factors that can affect whether the number of qualified teachers meets the needs of the system (Boxes 3.3 and 3.4). As described in Chapter 1, teachers' salary levels vary considerably across countries but tend to remain clearly below other graduates' salaries.

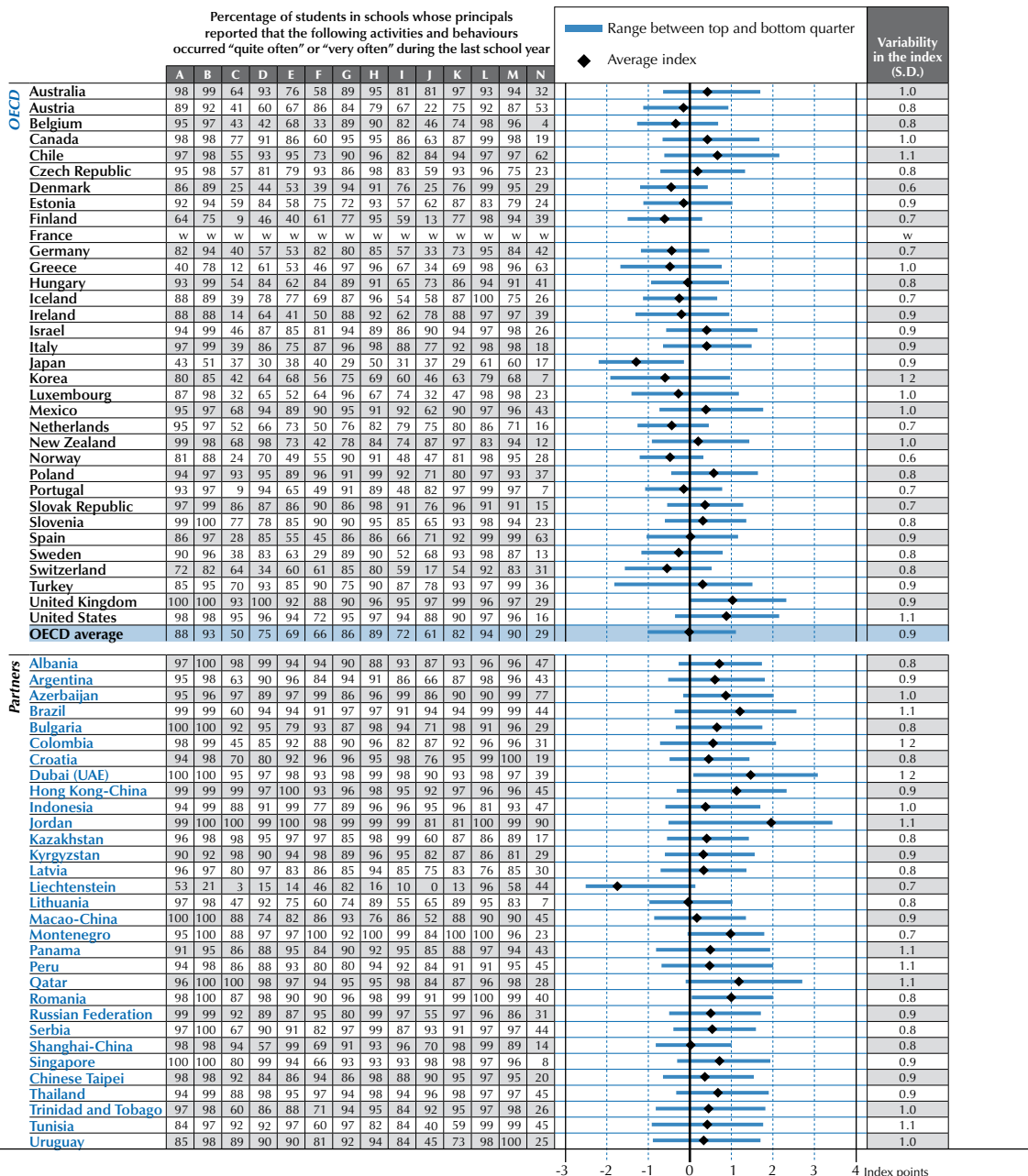


Figure 3.5

School principals' views of their involvement in school matters

Index of school principal's leadership based on the reports of school principals of 15-year-old students

- A I make sure that the professional development activities of teachers are in accordance with the teaching goals of the school.
- B I ensure that teachers work according to the school's educational goals.
- C I observe instruction in classrooms.
- D I use student performance results to develop the school's educational goals.
- E I give teachers suggestions as to how they can improve their teaching.
- F I monitor students' work.
- G When a teacher has problems in his/her classroom, I take the initiative to discuss matters.
- H I inform teachers about possibilities for updating their knowledge and skills.
- I I check to see whether classroom activities are in keeping with our educational goals.
- J I take exam results into account in decisions regarding curriculum development.
- K I ensure that there is clarity concerning the responsibility for co-ordinating the curriculum.
- L When a teacher brings up a classroom problem, we solve the problem together.
- M I pay attention to disruptive behaviour in classrooms.
- N I take over lessons from teachers who are unexpectedly absent.



Note: Higher values on the index indicate greater involvement of school principals in school matters. Source: OECD, PISA 2009 Database, Table IV.4.8.





### Box 3.1. Individual pay in Sweden

*In Sweden, pay is now negotiated between the principal and the teacher.*

One of the most radical approaches to compensation systems has been implemented in Sweden, where the federal government establishes minimum starting salaries and leaves the decisions about individual teachers' salaries to be negotiated annually by the principal and the teacher. If the teacher requests assistance, the teachers' union can participate in the negotiation. In Sweden, the centrally bargained fixed-pay scheme for teachers was abolished in 1995 as part of a package designed to enhance local autonomy and flexibility in the school system. The government committed itself to raising teachers' salaries substantially over a five-year period, but on the condition that not all teachers received the same raise. This means that there is no fixed upper limit and only a minimum basic salary is centrally negotiated, along with the aggregate rise in the teacher-salary bill. Salaries are negotiated when a teacher is hired, and teacher and employer agree on the salary to be paid at the beginning of the term of employment. The individual negotiation involves: (1) teachers' qualification areas: teachers in upper secondary schools have higher salaries than teachers in compulsory schools or teachers in pre-schools; (2) the labor market situation: in regions where teacher shortages are more acute, teachers get higher salaries; the same occurs for certain subjects like mathematics or science; (3) the performance of the teacher: the collective central agreement requires that pay raises be linked to improved performance, allowing schools to differentiate the pay of teachers with similar tasks; and (4) the range of responsibilities of teachers: principals can reward teachers if they work harder and take up more tasks than generally expected.

There is now much greater variety in teachers' pay in Sweden, with those teachers in areas of shortage and with higher demonstrated performance able to negotiate a higher salary. The scheme is underpinned by a system of central government grants to ensure that low-income municipalities are able to compete effectively for teachers and other staff in the service sectors of the municipality. Sweden, with its individual teacher pay system introduced in 1995, provides an interesting example of a country that has attempted to combine a strong tradition of teacher unionism and consultative processes with opportunities for flexible responses and non-standardized working conditions at the school level. The system was at first strongly contested by unions and teacher organizations, but now enjoys an over 70% approval rate among unionized teachers.

### Box 3.2. Identifying and certifying outstanding teachers

*In the United States, the National Board for Professional Teaching Standards has established standards.*

The National Board for Professional Teaching Standards (NBPTS) was created in 1987, on the recommendation of the Carnegie Task Force on Teaching as a Profession, to "establish high and rigorous standards for what accomplished teachers should know and be able to do". The goal of Board Certification, modeled on that in other professions, was to identify and certify outstanding teachers, provide a framework for teacher professional development and create a system through which outstanding teachers could receive salary supplements and be available for new roles in schools. The Board was developed with the active support of the American Federation of Teachers and the National Education Association and now has certificates in 25 fields, defined by subject matter and developmental level. Teachers complete ten assessments over a period of more than a year, including portfolios of student work, videos of classroom practices, examples of impact on student learning, review by peers, expert evaluations, and assessments of subject-matter knowledge. Today, more than 90 000 teachers have taken National Board Certification. Thirty-two states and more than 700 districts offer fee support or salary supplements. A Congressionally mandated review of studies of the effectiveness of NBPTS teachers found teachers who earned NBPTS certification tended to be more effective than teachers who had not earned NBPTS certification, although it did not establish a causal relationship. It concluded that existing research "neither proves nor refutes" the idea that pursuing NBPTS certification leads to improvements in effectiveness. A number of other countries are now looking at the NBPTS standards and processes as a potential model.



### Box 3.3. Linking pay to work

*In Denver, Colorado, teachers get additional pay linked to factors such as professional improvement, good evaluation and student progress.*

Denver's Professional Compensation (ProComp) system was initially developed by a joint task force of district, union and community representatives. This work began in 2002, and the group's proposal was accepted by a vote of teachers in 2004. The program began with local funding, and then started to receive federal funds under the Teacher Incentive Fund program in 2006. As part of the ProComp system, teachers receive additional compensation based on several factors, including (1) teacher knowledge and skills, as obtained through targeted professional development; (2) high evaluation ratings; (3) teaching in high-need schools and subjects; and (4) demonstrated student growth, both at the classroom and the whole-school level. District and union leadership report ongoing collaboration both to improve the ProComp system and to improve results in the district in general. A recent study published by the University of Colorado at Boulder found a strong impact on student achievement, with improvements in teacher effectiveness leading to improved learning outcomes and increases in teacher retention. The federal government continues to support innovative approaches to teacher evaluation, compensation, professional development, and career advancement through the recently expanded Teacher Incentive Fund program.

...as does the structure of salary rewards, especially in terms of how salaries increase in the course of a career...

Comparing salary levels at different points in a career indicates how pay progresses through teachers' careers. Some countries concentrate salary increases early in the career, some save higher rewards for more experienced employees, while for others progress is steady throughout a career.<sup>37</sup> There is some evidence that a sizeable proportion of teachers and school administrators do not want to move into higher positions in the hierarchy in schools, such as school principal. This may be because the negative aspects of a promotion outweigh positive aspects, such as increased salaries, prestige and other rewards. If this is the case, then the promotion can be made more attractive either by changing the duties and requirements of the position or by changing the salary and other rewards.

Deferred compensation is a key incentive for workers in many industries. This rewards employees for staying in organizations or professions and for meeting established performance criteria. Some form of deferred compensation exists in the teachers' salary structures of most countries. In OECD countries, statutory salaries for primary, lower and upper secondary general teachers with 15 years of experience are, on average, 38%, 39% and 43% higher, respectively, than starting salaries. Furthermore, the increases from starting salary to the top of the salary scale are, on average, 71%, 70% and 74%, respectively (see also Annex A).<sup>38</sup>

The number of years it takes for a teacher to advance through the salary scale also varies substantially across countries. In lower secondary education, teachers in Australia, Estonia, Denmark, New Zealand and Scotland reach the highest step on the salary scale within six to nine years. Monetary incentives therefore disappear relatively quickly compared to other countries. If job satisfaction and performance are determined, at least in part, by prospects of salary increases, difficulties may arise as teachers approach the peak in their age-earnings profiles.

A number of countries have both steep and flat rises in teachers' salaries that vary across teachers' tenure. For example, teachers in Germany and Luxembourg have an opportunity for similar salary increases in the first 15 years, but then face very different growth rates. In Luxembourg salaries rise faster, while in Germany increases are relatively small. Policy makers in these countries thus need to consider how to retain the more experienced teachers.

...as do additional payments, whether linked to extra responsibilities, family status, or performance.

In addition to basic pay scales, school systems increasingly offer additional payments or other rewards for teachers (Figure 3.6). These may take the form of financial remuneration and/or reduction in the number of teaching hours. In some cases, such as in Greece and Iceland, long service is rewarded by reductions in teaching hours. In Portugal, teachers



may receive a salary increase and a reduction in teaching time during the time they carry out special tasks or activities, such as educating student teachers, guidance counseling, etc. Together with the starting salary, such payments may affect a person's decision to enter or stay in the teaching profession. Additional payments early in a career may include family allowances and bonuses for working in certain locations, and higher initial salaries for higher-than-minimum teaching certification or qualifications, such as qualifications in multiple subjects or certification to teach students with special educational needs. Data on additional payments<sup>39</sup> fall into three broad areas:

- those based on responsibilities assumed by teachers and on particular conditions (e.g. additional management responsibilities or teaching in high-need regions, or disadvantaged schools);
- those based on the family status or demographic characteristics; and
- those based on teachers' qualifications, teacher education and performance (e.g. higher than the minimum qualifications and/or completing professional development activities).

Figure 3.6 (1/2)

## Criteria for additional payments in public institutions

	Experience			Criteria based on teaching conditions/responsibilities																						
	Years of experience as a teacher			Management responsibilities in addition to teaching duties			Teaching more classes or hours than required by full-time contract			Special tasks (career guidance or counselling)			Teaching in a disadvantaged, remote or high cost area (location allowance)			Special activities (e.g. sports and drama clubs, homework clubs, summer school, etc.)			Teaching students with special educational needs (in regular schools)			Teaching courses in a particular field				
OECD	Australia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Austria	-	▲	-	▲	-	▲	▲	▲	▲	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Belgium (Fl.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Belgium (Fr.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Chile	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	Czech Republic	-	▲	▲	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
	Denmark	-	▲	▲	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
	England	-	▲	▲	-	▲	▲	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Finland	-	▲	-	-	-	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
	France	-	-	-	▲	▲	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
	Germany	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Greece	-	-	-	▲	-	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
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	Iceland	-	▲	▲	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
	Ireland	-	▲	▲	-	▲	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Italy	-	-	-	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
	Japan	-	-	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
	Korea	-	-	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
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	Mexico	-	▲	▲	-	▲	▲	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
	Netherlands	-	▲	▲	-	▲	▲	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
	New Zealand	-	-	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
	Norway	-	-	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
Poland	-	-	▲	-	-	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	
Portugal	-	-	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	
Scotland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Slovak Republic	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	
Spain	-	-	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	
Sweden	-	-	-	-	-	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	
Switzerland	-	-	-	-	-	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	
Turkey	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	
United States	-	-	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	
Partners	Brazil	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	
	Estonia	-	-	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	
	Israel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Russian Federation	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	
	Slovenia	-	-	-	-	-	-	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	

- : Decisions on position in base salary scale

▲ : Decisions on supplemental payments which are paid every year

△ : Decisions on supplemental incidental payments

Source: OECD (2010), *Education at a Glance 2010: OECD Indicators*. See Annex 3 for notes ([www.oecd.org/edu/eag2010](http://www.oecd.org/edu/eag2010)).

Please refer to the Reader's Guide in Education at a Glance 2010 for information concerning the symbols replacing missing data.



Figure 3.6 (2/2)

## Criteria for additional payments in public institutions

	Criteria related to teachers' qualifications, training and performance						Criteria based on demography			Other	
	Holding an initial educational qualification higher than the minimum qualification required to enter the teaching profession	Holding a higher than minimum level of teacher certification or training obtained during professional life			Outstanding performance in teaching	Successful completion of professional development activities	Reaching high scores in the qualification examination	Holding an educational qualification in multiple subjects	Family status (married, number of children)		Age (independent of years of teaching experience)
<b>OECD</b>											
Australia	–	–							▲		
Austria					△				▲		▲
Belgium (Fl.)	–	▲									▲
Belgium (Fr.)	–	–									▲ △
Chile	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m
Czech Republic					– ▲ △					– △	
Denmark	– ▲ △	– ▲ △			▲ △			– ▲ △			
England	– ▲ △				– ▲ △						
Finland	–	– ▲			▲	▲		–			
France						–			▲		
Germany								–	–		
Greece	–	▲							▲		–
Hungary	–	–			△	–		▲			▲
Iceland	– ▲ △	– ▲ △				▲ △		△		– ▲	
Ireland	– ▲	– ▲									
Italy								–			
Japan									▲		▲
Korea						△			△	▲	
Luxembourg		–			–				▲	–	
Mexico	– ▲	– ▲			– ▲	– ▲					
Netherlands	– ▲ △	– ▲ △			– ▲ △	– ▲ △		– ▲ △			
New Zealand	–	–			▲						▲
Norway	– ▲	▲			▲	▲		▲		▲	
Poland	– ▲ △				▲ △	–		△			▲ △
Portugal	–	–			–	–			▲		
Scotland		–									
Slovak Republic	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m
Spain		▲				–					
Sweden	–	–			–	–					
Switzerland									▲		▲
Turkey	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m
United States	– ▲	– ▲			△	– ▲					
<b>Partners</b>											
Brazil	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m
Estonia	–	–			▲ △	–		▲ △		–	
Israel	–	–			–	–		–	–		
Russian Federation	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m	m m m
Slovenia	▲	–			△	–					▲

– : Decisions on position in base salary scale

▲ : Decisions on supplemental payments which are paid every year

△ : Decisions on supplemental incidental payments

Source: OECD (2010), *Education at a Glance 2010: OECD Indicators*. See Annex 3 for notes ([www.oecd.org/edu/eag2010](http://www.oecd.org/edu/eag2010)).

Please refer to the Reader's Guide in *Education at a Glance 2010* for information concerning the symbols replacing missing data.

Less than half of OECD countries offer additional payments based on teachers' family status or demographic characteristics, and in most cases these are yearly payments.

Many countries offer additional payments based on teachers' qualifications, professional development and performance. The most common types of payments based on teachers' initial education and qualifications are for an initial education qualification higher than the minimum requirement and/or a level of teacher certification and teacher education higher than the minimum requirements. These are available in around two-thirds of OECD countries, with half of countries offering both types. They are used in nearly all countries as criteria for base salary. Eighteen countries offer additional payments for the successful completion of professional-development activities. In some countries, adjustments to the base salary are awarded to teachers annually or on an incidental basis, either by the head



teacher or school principal, or by the local, regional or national government. Countries vary in whether they provide such payments as an addition to teachers' base salary, in the form of a yearly payment or on an incidental, or "one-off", basis.

Thirteen OECD countries and two non-OECD countries with available data offer an additional payment for outstanding performance in teaching. In two-third of these countries, these are discretionary payments, and in ten, they are mostly annual additions to teachers' salaries. It is notable that in 13 of the 15 countries with available data that offer this incentive – Austria, the Czech Republic, Denmark, England, Estonia, Finland, Hungary, Mexico, the Netherlands, New Zealand, Poland, Slovenia and Sweden – the decision to award the additional payments can be made at the school level. Formal metrics, including student-achievement data, come into play in some countries, but most decisions are based on the nuanced judgments of professional colleagues who, in turn, base their opinions on multiple sources of data, only some of which are measured in any formal way.

Developing a closer relationship between teacher performance and compensation has proved difficult.

Performance-based reward systems in OECD countries can be classified into three types: "Performance pay", which generally involves measuring teacher performance based on student outcomes and other measures and providing strong performers with higher pay and, in some cases, advancement opportunities; "Knowledge and skill-based" compensation, which generally involves higher pay for demonstrated knowledge and skills which are believed to enhance student performance; and "School-based compensation", which generally involves group-based financial rewards. Those who argue in support of performance-based rewards say that it is fairer to reward teachers who perform well rather than paying all equally; performance-based pay motivates teachers and improves student performance; and a clearer connection between spending on schools and student performance builds public support. Those who oppose performance-based pay usually argue that fair and accurate evaluation is difficult, because performance cannot be determined objectively; co-operation among teachers is reduced; teachers are not motivated by financial rewards; teaching becomes narrowly focused on the criteria being used; and the costs of implementation are too high. Research in this field is difficult and there are few reliable studies.

Though experience with performance-based rewards systems in OECD countries is still limited, OECD research highlights a number of common design around what to reward, whom to reward and how to structure rewards.<sup>40</sup>

The experience so far with performance-based rewards raises issues about how to design such awards, including issues relating to what to reward...

Performance-based rewards imply rewarding something more than credentials and years of experience, which have been shown to be weak indicators of teacher effectiveness. Research has shown that it is possible to evaluate effective teaching, linked with improved student results, thus making it possible, in principle, to include evaluations both of teacher performance and student performance as part of a teacher-compensation system. Whatever criteria are chosen, they need to be clear to teachers and consistently applied.

Measures of teacher performance need to be valid, reliable and agreed by teachers themselves to be fair and accurate. In some countries, these include assessments of teacher performance that are based on multiple observations by trained evaluators using a standards-based rubric that teachers believe reflects good instructional practices. Other measures of teacher performance may include contributions to school-improvement efforts or performance in specific areas based on external certifications.

Some approaches include student performance in the reward systems for teachers, which require robust data management systems that are able to connect student and teacher data. In particular, if "value-added" measures are used, databases need to be able to track student progress from year to year, to give an indication of what any individual teacher has added to a student's attainment. The Data Quality Campaign identifies a number of data requirements for such approaches.<sup>41</sup> Measures of student performance include test scores, enrolment in advanced courses, student attendance, student graduation rates, and student dropout rates.



Analysis of student work can provide a further measure of student performance, but it requires time and funding for a group of trained assessors to evaluate portfolios of student work and determine evidence of growth. If the tests are to be used to determine value-added progress that students have made (*i.e.* using statistical methods to analyze a student's current scores in light of past performance to get an accurate reading of the effect of the school/teacher on the student's performance), then tests need to be designed to enable analyses of year-to-year gains in performance at the individual student level.

#### **Box 3.4. A comprehensive approach to teacher appraisal and compensation in Singapore**

*Singapore takes steps to ensure that high-quality graduates can start their careers on salaries competitive with other professions, and follows through with a coherent and comprehensive system of teacher appraisal and progression.*

Singapore has established a coherent and comprehensive system of teacher appraisal and progression. To this end, it uses a combination of incentives throughout the teacher's career, aligned to the goals of the system, that enable it to select and sustain effective teachers. The system has been developed over time and refinements have been added as new issues or conditions have arisen.

Once in the Singapore teaching corps, annual evaluations offer the possibility of performance bonuses of 10%-30% of base salary. Included in Singapore's Enhanced Performance Management System is an appraisal of teachers' contribution to the academic and character development of the students in their charge, their collaboration with parents and community groups, and their contribution to their colleagues' development and to the school as a whole. The Enhanced Performance Management System is not intended to digitally calibrate teacher ability or to rank teachers. It is intended as a holistic appraisal, devised at the national level but implemented and customized at the school level. It assesses teachers against key competencies including the role of the teacher in the academic and character development of their students, the pedagogic initiatives and innovations teachers have developed, the professional development they have undertaken, their contribution to their colleagues and the school, and their relationship to community organizations and to parents. Learning outcomes are defined broadly, not just by examination results. The evaluation is conducted by several professionals in the school including department heads and the principal. The standards for the evaluation were developed ten years ago as a pilot with cooperation of and input from teachers and have been refined over time as new issues and conditions develop.

The purpose of the evaluation process is to create a regular dialog between teacher and supervisor that is frequent, clear and detailed about how to improve teachers' practice. Teachers create a plan at the beginning of a year, which is reviewed and followed by mid-year and year-end reviews. It is intended primarily as a development tool. Areas of weakness become the focus of the teachers' professional development plan for the following year. It is also intended to help teachers keep up with change. Fidelity of execution and open dialog is important. The process is time-consuming but it takes a lot of effort to get people into the profession and developing a competent teacher is seen as a lifelong undertaking.

Teachers who do outstanding work receive a bonus from the school's bonus pool. The evaluations also pinpoint areas of needed improvement that form the basis of the personal professional development plan for the following year. All teachers have access to 100 hours of professional development each year, at no cost to the teacher, which they can use to make progress on their personal development plans. Poorly performing teachers are offered assistance to improve and are dismissed if they do not.

In addition, teachers receive annual reimbursements for improving their knowledge and skills through professional development, subscriptions to professional journals, language learning, or technology training. Teachers move along a series of career steps that include greater compensation for greater responsibility and contributions to the profession and the school. And to keep effective teachers in the profession, there are attractive retirement payments.

While the Singapore system includes many interesting components, it is the coherence of the whole system that is important. Because Singapore has a single system and teachers are centrally assigned, market factors within the system are not the issue they are in other countries. There are also no "hard-to-staff" schools because teachers are assigned where they are most needed, resulting in a mix of less and more experienced teachers in every school.





A major issue is whether the rewards are targeted to individual teachers, groups of teachers or the whole school. Each approach has advantages and disadvantages.

...whom to reward,  
and...

Individual rewards can both select the most effective staff and motivate individuals to work harder, giving them a sense of direct control over their chances of reward. However, it can be difficult to distinguish the impact made by an individual teacher, compared to previous teachers or other factors such as the school environment.

An alternative is to consider the performance of a group of teachers as a unit – such as a grade-level teams, a disciplinary departments, or another grouping that fits a school's structure and mission. Group rewards have been found to promote staff cohesion, feelings of fairness and productivity norms, and they may foster the transfer of knowledge and mutual learning among teachers which can lead to improved results. School-wide rewards can encourage collaboration among teachers to ensure the school meets the criteria for rewards, but they may have disadvantages, such as diluting the link between individual effort and reward. Any group approach runs the risk of “free riders”, but some systems seek to limit these by keeping groups small or by establishing programs to exert social pressure as well as to monitor peer contributions to the group's performance. Another consideration is whether to reward other staff than classroom teachers. Principals and assistant principals may not teach, but their work is critical to establishing an environment that is conducive to improving student achievement.

Systems also differ in whether they structure the payout of rewards as a fixed global sum distributed according to ranked teacher performance (for example, a bonus for the top quarter of performers) or as a bonus for any teacher reaching a fixed level of teacher performance. The first has the advantage of establishing at the outset the maximum amount of money that a district or country will spend but, as noted above, may discourage effort among those who do not think they can outperform their colleagues. This disincentive can, however, be reduced where the assessment of teachers or schools takes account of contextual factors, such as socio-economic background or prior attainment, by giving teachers with the most challenging students a prospect of scoring relatively well.

...how to structure  
awards.

The alternative of giving fixed rewards to schools or teachers meeting a specified performance level needs to specify clearly what teachers need to do to meet this requirement. It opens the possibility of earning a reward to more teachers and encourages them to develop their skills and work more effectively; but it potentially raises the amount of money that must be set aside to fund the rewards, allowing for the possibility of most or all teachers earning the bonus. To renege on the payment of rewards to teachers will doom a reward program, as teachers will question the commitment to improvement that it represents. The decision between rank-order and fixed-performance criteria as a basis for performance pay may depend on the resources available, although a system may choose to use a combination of the two.

### Box 3.5. Towards the next TALIS survey

Building on the success of the first Teaching and Learning International Survey (TALIS) thirty countries are currently collaborating to develop the next TALIS survey, to be implemented in 2013. TALIS 2013 will provide insights into key factors that shape effective teaching practices and strong student learning outcomes. New insights that are expected from TALIS 2013 include:

- initial teacher training and mentoring as well as induction programmes;
- the format and content of teacher in-service professional development;
- expanded sources and methods of teacher appraisal and feedback and their perceived impact;
- distributed school leadership; and
- teacher professional and pedagogical practices, including student assessment policies and the use of ICT in the classroom.



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