

Evaluating teacher performance incentives while enhancing equity

Lessons learned from introducing performance based pay in Sweden

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Questions for policy implication:

- **What is the educational system supposed to deliver in terms of output and how do we measure output?**
- **What kind of incentive structure needs to be in place to motivate teachers?**
- **How do we deal with resistance from powerful unions?**

From centrally determined fixed pay to decentralised performance based pay in Sweden

- *Reform initiatives geared towards decentralisation, deregulation and local independence.*
- **Main purpose:**
 - To stimulate improvement in effectiveness, productivity and quality at the workplace.
 - To improve the recruitment and retention of teachers and to link pay to performance.
- **The initiative faced strong resistance from the unions.**

The move towards a locally determined individualised pay system

- **Was carried out in two steps.**
 - Transfer of responsibility from central to local municipalities in deciding on teacher working and pay conditions. Early 1990s
 - Signed agreement between teacher unions and local employment authorities. 1995

The role of Unions – why did they cooperate?

- **The central government offered a good incentive package at the onset of the reform**
- **Deadlock and lack of bargaining power.**
- **Unions decide to take charge of school development**
 - The need to improve the image of teachers by ensuring their contribution to the learning outcome.
 - The increased importance of education in social and economic change – offered a window of opportunity

What is the outcome of the performance based pay?

- **Performance based pay in place nine years with the third consecutive collective agreement.**
- **No systematic evaluation of the outcome of performance based pay in terms of student achievement.**
- **Teachers are not evaluated on the bases test scores, but on a broader set of criteria which are not directly linked to test scores.**

What has been achieved

- **Increase in the salary for the teachers as a whole, but not in the dispersion**
- **Stronger focus on what schools should achieve**
- **School leaders have an instrument to reward effective teachers and by the same token put pressure on underperforming teachers**
- **School leaders can be more selective when hiring new teachers**

Lessons learned and major obstacles

- **Requires resources**
 - Conflict between rewarding teachers and having to offer high entry salaries
- **Need to have clearly defined criteria on how to evaluate teachers – may work better when schools are held accountable for results**
- **Requires trust among local stakeholders and that the closest manager is in charge of pay setting**

Lessons learned and major obstacles cont.

- **Requires training and understanding of how to set wages**
- **Unions are still in charge**

