

Merit Pay for Teachers: A Poor Prescription for Reform

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Many educators as well as business and governmental leaders argue that the improvement of schools depends primarily upon improving the performance of teachers. Merit pay, a solution drawn from the business world, promises to reward effective teachers and encourage them to work harder. From her perspective as both historian and policy analyst, Susan Moore Johnson explains that merit pay is neither a new nor an untested remedy. The speeches and programs of educational reformers of the 1920s and 1950s echo the current hopes for and arguments against merit pay. An analysis of the reasons for the failure of past merit pay plans suggests that present proposals would face similar technical, organizational, and financial obstacles. Asserting that merit pay takes into account neither the motivational needs of teachers nor the interdependent nature of schools, Johnson concludes that when looking to the corporate world for models of reform, school leaders should consider the practices of highly successful corporations which emphasize group goals over individual incentives.

Merit pay for public school teachers suddenly became the “all-American” answer to a serious problem when President Reagan spoke at Seton Hall University last May: “Teachers should be paid and promoted on the basis of their merit and competence. Hard-earned tax dollars should encourage the best. They have no business rewarding incompetence and mediocrity.”¹ In the ensuing, strident debate between federal administrators and union leaders, opposing merit pay became tantamount to endorsing mediocrity. In September 1983 a Gallup Poll reported that 61 percent of the country’s adults support merit pay,² and in the same month the American School Boards Association reported that “a clear majority—62.7 percent—of teachers responding agree that teachers should be paid according to how well they perform in the classroom.”³ Such support was not surprising, the associa-

¹ Speech at Seton Hall University, South Orange, N.J., May 1983.

² George H. Gallup, “The 15th Annual Gallup Poll of the Public’s Attitude Toward the Public Schools,” *Phi Delta Kappan*, 65 (1983), 15.

³ Marilee C. Rist, “Our Nationwide Poll: Most Teachers Endorse the Merit Pay Concept,” *American School Board Journal*, 170, No. 9 (1983), 23.

tion's reporter concluded, "in a society that prides itself in allowing cream to rise to the top."⁴

The rationale behind merit pay is simple. If teachers are paid competitively on the basis of performance, they will work harder. The system will reward effective teachers and encourage them to remain in classrooms while nudging ineffective, unrewarded teachers to leave. As a result, it is argued, the schools will improve. Merit pay proposals promise an alternative to the single salary schedule that pays all teachers without regard to performance and that many believe acts as a disincentive to good teaching. One advocate argues: "Imagine being an effective, hard-working teacher condemned to receive exactly the same raise as the listless, barely adequate dolt down the hall. To anyone reared on tales of Henry Ford and Horatio Alger, this wrongheadedness is so glaring that merely seeing it officially sanctioned must be grounds for despair."⁵

Merit pay is a remedy drawn from a part of the pragmatic, no-nonsense corporate world, and while many educators endorse it "in principle," they anticipate problems "in practice." Schools are not businesses. Objective measures of teaching ability are lacking. Differences in evaluators' standards make merit pay systems potentially subject to patronage and political "pull." Systematic merit ratings would require extensive administrative training and time. Merit pay would promote competition, but not cooperation. Such problems give most educators pause, but many school critics from outside the field dismiss them. One writes:

Like most economists, I am reluctant to apply the adjective "unwarranted" to the noun "competition." Morale problems are possible. But we should remember that pay differentials are the rule, not the exception, in most other professions. Why should teaching be so different? . . . The single salary schedule may be a deeply ingrained tradition, but it flouts the laws of supply and demand. School districts can fight the market, if they wish. But they are not likely to win.⁶

Many advocates of free enterprise may regard the problems associated with merit pay as mere technicalities and believe that school people lack the courage to do what must be done. But the problem of reform is far more complicated.

Merit pay plans have been tried in many forms, in many places, and they have failed. A close analysis of the tenets of merit pay and the realities of teachers and teaching suggests that competitive pay will not serve as an incentive for good teaching and may, in fact, interfere with other efforts to improve the schools. What follows is an exploration of past merit pay initiatives and a consideration of why such plans repeatedly fail. From that analysis follows an assessment of current merit pay proposals and the suggestion that the corporate world offers other more promising models for school reform.

Past Merit Pay Programs

In the 1920s and again in the 1960s, educators enthusiastically instituted merit pay plans throughout the country. Each time widespread public concern about the

⁴ Rist, p. 27.

⁵ "Only You Can Kill Merit Pay for Teachers," Editorial, *American School Board Journal*, 170, No. 9 (1983), 16.

⁶ Alan S. Blinder, "The Merits of Merit Pay," *Boston Globe*, 23 Aug. 1983.

country's international standing, promoted in the first instance by World War I and in the second by the launching of Sputnik and the ensuing space race, fueled merit pay plans. Many citizens were convinced that if schools were to prepare students to meet international challenges, they would have to become more rigorous, business-like places.

During the 1920s when "scientific management" was the dominant conventional wisdom, educators readily adapted its principles and practices to schools. Raymond E. Callahan explains that "the direct influence of business on school administrators and through them, on schools, sprang from twin factors that were like two sides of a coin: the vulnerability of the schools and school men; and the great strength of the business community and the business philosophy in an age of efficiency."⁷ Merit pay became an integral part of scientific management in education. Ellwood P. Cubberly, a prominent and influential educator, argued in 1916 that "the uniform salary schedule for all presupposes that all of the same rank and experience are approximately of equal worth — a condition that is never found."⁸ He illustrated his point with descriptions of several Portland schoolteachers, including the following:

Teacher B. Work highly mechanical and entirely lacking in intelligent insight. Does things because they are in the books, and without a reason why. Work seen very weak. Poor manner; poor voice; slow, and generally inefficient.

Teacher E. Quick; clever, good humor, sees everything, but knows what not to see. A splendid teacher. Pupils making excellent progress under her. Paid \$1,050, and worth much more; certainly worth as much as any policeman in the city.⁹

On the basis of such findings, Cubberly proposed a merit pay plan that "would provide a much better distribution of rewards; would offer more encouragement for study and personal advancement; would provide more opportunities for the efficient to rise; would tend better to retain the best teachers in the service; and would give the school directors better returns in efficiency to the money spent than does the present salary schedule."¹⁰ With such encouragement, school administrators widely adopted merit pay plans.¹¹ Lloyd Percy Young studied programs in forty-eight districts where "a teacher's rating directly and automatically determines the amount of her salary increase" and found three basic plans in effect: one that used annual merit ratings to determine raises; another that used merit to determine a teacher's maximum attainable salary; and a third that placed teachers into

⁷ *Education and the Cult of Efficiency* (Chicago: Univ. of Chicago Press, 1962), p. 179.

⁸ *The Portland Survey: A Textbook on City School Administration Based on a Concrete Study* (Yonkers-on-Hudson, N.Y.: World Book, 1916), p. 78.

⁹ Cubberly, p. 79.

¹⁰ Cubberly, pp. 86-87.

¹¹ In 1918 E.S. Evenden found that 48 percent of the 309 cities he studied reported using "success, merit, efficiency, or satisfaction" for granting salary increases. *Teachers' Salaries and Salary Schedules in the United States, 1918-1919* (Washington, D.C.: National Education Assn. [NEA], 1918), p. 49. In 1923 the NEA reported that 33 percent of 941 cities studied used merit for determining salary. NEA, *Report of the Salary Committee, Teachers' Salaries and Salary Trends in 1923* (Washington, D.C.: NEA, 1923), p. 52. In 1928 a subsequent NEA survey of 1,532 districts showed that 18 percent were awarding merit pay in some manner. NEA, *Practices Affecting Teacher Personnel*, Research Bulletin, Vol. 6, No. 4 (Washington, D.C.: NEA, 1928), pp. 230-240.

salary groups and promoted them to higher groups on the basis of merit.¹² Young's research demonstrates that merit pay was more than a vague notion during the 1920s. He found in the districts he studied that: the amount of the annual increment was determined by the merit rating in 91.7 percent of the school systems; 75 percent of the school systems gave a different increment for each merit group; the number of increments, which fixed the maximum salary, was determined by merit rating in 39 percent of the schools; and the amount of the maximum salary varied with the rating in 24 percent of the salary schedules.¹³

Cities from Battle Creek, Michigan, to Albuquerque, New Mexico, instituted merit pay plans. By the end of the decade, its advantages and disadvantages were clear, and current analyses of merit pay proposals resound like echoes. According to Young, educators gave the following reasons for adopting salary schedules based upon some measure of teaching efficiency:

1. The public demands that the school funds be used to secure and retain the most efficient teaching service.
2. Merit schedules are in harmony with principles underlying efficiency in public service; namely, that salary is dependent upon service rendered.
3. A merit salary schedule should stimulate and encourage individual improvement and reward exceptional merit.
4. Merit salary schedules are flexible so that they may be applied to exceptional teachers.
5. They stimulate teachers to be critical of their own work.
6. They provide the stimulus and recognition necessary to advance teachers beyond the usual point or plateau of maximum efficiency.¹⁴

Likewise, Young summarizes the reasons given by other school personnel as to why salary schedules could not be based upon measures of teaching efficiency.

1. There is no agreement as to just what constitutes either merit or efficient teaching.
2. No reliable, scientific instrument has been developed to measure the various degrees of teaching efficiency.
3. Merit rating destroys the esprit de corps of the teaching force.
4. Merit pay hinders the proper relationship between supervisor and teacher.
5. The practice of merit rating hampers a teacher's work and prevents the expression of individuality.
6. Merit rating tends to unionize the teachers and thereby antagonize the administration.
7. Teachers who meet the merit pay promotional standards are ostracized by their peers.¹⁵

¹² *The Administration of Merit-Type Teachers' Salary Schedules* (New York: Columbia Univ. Press, 1933), p. 30.

¹³ Young, p. 35.

¹⁴ Young, p. 3.

¹⁵ Young, p. 4.

From about 1935 until 1955 merit pay received little attention. There is little detailed information about the fate of the various plans Young studied except that one by one they fell into disuse. When merit pay became the educational vogue again, it was considered a novel reform.

Public interest in merit pay was rekindled in the late 1950s by “teacher demands for higher salary, manpower shortages, fear that the quality of education is low, and the enormous expenditures of money needed to build new facilities and hire teachers for the continually increasing student population.”¹⁶ At its 1957 convention, the American School Boards Association reluctantly accepted the inevitable public demand for merit pay: “It was our general feeling that merit rating for teachers is coming and that we had best face this fact and begin now studying and preparing for it.”¹⁷

Soon after that convention, the Russians launched Sputnik, and interest in merit pay surged. A *Phi Delta Kappan* editorial in early 1961 stated: “Nothing much can ever happen in education — until someone from the outside gives a push. Well, this may be what is happening in merit pay for teachers. A wind and a push are coming from outside the profession.”¹⁸ Florida and Utah had adopted merit pay plans, and the California Citizens Advisory Committee had concluded, “In a profession there should be no upper limit of recognition for excellence. In regard to salary or pay, a high floor under a low ceiling does in no way seem satisfactory.”¹⁹

Business pushed the proposal as well. E. A. Hartsook, writing on behalf of “The Business Fraternity,” argued that “the development of merit recognition . . . is absolutely essential to the continued improvement of teachers’ pay, performance, position in the social scale, and professional status.”²⁰ He chided educators and urged that they administer the “tonic” of competition: “It seems difficult to avoid the conclusion that mankind is still subject to laziness, to sloppiness, to procrastination — and that in all but the unusual case it takes competition to force performance. Actually, competition can be a tonic to an awakened mind and, if held within appropriate bounds, a stimulant to the kind of intellectual growth we should expect in our society.”²¹ Hartsook urged a cooperative effort between business and education leaders saying, “Industry and business are ready to help. Are leaders in education prepared to push ahead?”²²

Push ahead, they did. During the 1960s approximately 10 percent of United States school districts had merit pay plans.²³ The programs were comprehensive and complex. Six local initiatives reviewed by James Steffensen in 1965 closely resembled those described by Young in the 1930s. But they also included unique elements that made use of current evaluation techniques. For example, in Summit,

¹⁶ Glen F. Ovard, “Teachers’ Merit Rating,” *American School Board Journal*, 139, No. 4 (1959), 45.

¹⁷ Ovard, p. 36.

¹⁸ “Do You Know the Score on Merit Rating? It’s Changing,” Editorial, *Phi Delta Kappan*, 42 (1961), 137.

¹⁹ “Do You Know the Score on Merit Rating?” p. 137.

²⁰ “The Business Fraternity Speaks: Merit Rating—Key to Better Pay and Better Teaching,” *Phi Delta Kappan*, 42 (1961), 157.

²¹ Hartsook, p. 159.

²² Hartsook, p. 160.

²³ Paul J. Porwoll, *Merit Pay for Teachers* (Arlington, Va.: Educational Research Service, 1979), p. vi.

New Jersey, the school district employed a management consultant firm to conduct a position analysis of teachers' ten major responsibilities.²⁴ Weber School District in Ogden, Utah, developed a "Teacher Observation Code" that called for structured responses at five-minute intervals during observations.²⁵ West Hartford, Connecticut, in an effort to "make final appraisal results independent of differences in rater discriminability," transformed each set of ratings "to a distribution with a predetermined common mean, standard deviation, and variance."²⁶

For all their sophistication, the merit pay plans of the 1960s were no more enduring than those of the 1920s. By 1972, the estimated percentage of merit pay plans in effect had dropped from 10 to 5.5 percent.²⁷ But, more notable than the overall percentage decline was the short life of individual plans. Educational Research Service's 1978 survey of 115 merit pay plans identified 1973 as the "median date that these plans were instituted . . . with the earliest plan beginning in 1958 and the latest in 1978."²⁸

Educational Research Service also found that local districts had dropped merit pay plans for a wide range of technical, organizational, and financial reasons: difficulties in evaluating personnel, failure to apply criteria fairly, teacher and union opposition, poor morale, staff dissension and jealousy, failure of the plans to distinguish between merit and favoritism, failure of the plans to meet their objectives, changes in the school systems' leadership or philosophy, collective bargaining, funding shortages, overall expense of the programs, and recognition that the merit pay bonuses did not provide sufficient incentives to teachers. The problems were legion.²⁹

There is but one district in the country, Ladue, Missouri, where merit pay has endured over the long haul — thirty years — and reportedly is working well. The circumstances of that district — wealth, continuity of leadership, stability of staff, community support for schools, and small size — are not those of many districts. Samuel Johnson once said that he needed to see only one ghost to be encouraged about the possibility of eternal life. But it is quite different with policy implementation. The survival of but one merit pay program suggests that the prospects for others are poor.

Prospects for Merit Pay in the 1980s

This is the beginning of what is likely to be another yeomanly effort by American educators to make merit pay work. This time the decline in United States productivity relative to Japan and other industrialized countries has precipitated the con-

²⁴ *Merit Salary Programs in Six Selected School Districts* (Washington, D.C.: U.S. Office of Education, 1965), p. 52.

²⁵ Steffensen, pp. 54–55.

²⁶ Steffensen, p. 58.

²⁷ Porwoll, p. vi.

²⁸ Porwoll, p. 34. Similar findings are reported in a current update of the study. Frederick S. Calhoun and Nancy J. Protheroe, *Merit Pay Plans for Teachers: Status and Descriptions* (Arlington, Va.: Educational Research Service, 1983), p. 13.

²⁹ Porwoll, p. 13.

cern. Common sense arguments for merit pay remain the same. Charles Peters and Phil Kiesling of the *Washington Monthly* recently repeated Cubberly's reasoning of six decades ago: "All teachers are not equal. We should pay less to the bad ones and get them to leave. But we should pay more to the good ones and get them to stay and do more to bring new teachers into the profession. Under current lock-step salary schedules the school's best teachers lose heart and quit because their efforts go unrewarded, while the worst teachers linger on collecting automatic raises."³⁰

Merit pay legislation has been passed in Florida and is on the docket in many other states. The U.S. House of Representatives Merit Pay Task Force has concluded that "despite mixed and inconclusive results with performance-based pay in the private sector and in education, we support and encourage experiments with performance-based pay."³¹ Many local districts will likely accept that challenge and develop plans of their own.³²

What, then, are the prospects for success this time? Reviews of past failures suggest that there are fundamental problems with merit pay that cannot be surmounted by sheer administrative resolve and persistence. The model is not ready for fine tuning or mass replication. The technical problems with merit pay, like structuring and funding it, training the evaluators, observing the teachers, and compiling the evaluations are the ones that can be dealt with satisfactorily, even skillfully, in many districts. But even seemingly well-designed systems sit atop a number of unresolved philosophical, technological, and organizational problems that eventually cause them to topple.

First, most school districts, particularly large, diverse ones, have no agreement about goals for their schools. Should schools focus on the needs of the individual or the needs of a technological society? Should curricula emphasize vocational skills or classical academic training?³³ Whether and how such questions are answered in local districts have consequences for pay plans that would reward teachers competitively. If schools do not define their goals, and if they pursue many goals simultaneously, expectations for teacher performance will be vague, muddled, or conflicting. No evaluation instrument, however carefully designed, can settle such issues.

Second, there is no consensus about what makes for effective teaching or how to measure it. In 1910 William Ruediger and George Strayer posed these questions about "The Qualities of Merit in Teachers":

What are the fundamental qualities of merit in teachers that should receive scientific and administrative recognition? How should, or might, a list of these qualities

³⁰ "Best Way is Merit Pay," *New York Times*, 13 July 1983, p. A21.

³¹ U.S. Cong., House Committee on Education and Labor, *Merit Pay Task Force Report* (Washington, D.C.: GPO, 1983), p. 6.

³² Dorothy Wickenden recently reported that the Dallas public schools have adopted a computer-based merit pay program "that will award merit pay to all teachers in the top 25 percent of those schools where students test scores exceed the computer's projections." "Merit Pay Won't Work," *New Republic*, 189, No. 19 (1983), 13.

³³ Diane Ravitch reminds us that these are ongoing education disputes. See her *The Troubled Crusade: American Education, 1945-1980* (New York: Basic Books, 1983), pp. 43-80.

be accurately determined? What is the relative importance of these qualities, i.e., how should they be weighted in ranking teachers? How do these qualities correlate among themselves? How do they differ in elementary, high school, and college teachers? To what uses might an accurate system of ranking teachers be put? How should the problem in hand be investigated, i.e., how should data of scientific value be obtained?³⁴

After almost seventy-five years and many concerted research efforts, the questions about teacher effectiveness remain largely unanswered.³⁵ As Dan Lortie recently observed in response to a question about merit pay, “The heart of the problem is that there is little agreement over what the art of teaching is.”³⁶

Those who have never worked in or around schools often are perplexed by educators’ inability to define teacher effectiveness. Measuring productivity in business or industry is often a more straightforward matter—a process of counting goods produced or dollars earned. To measure effectiveness in classrooms, one would have to develop measures of basic skills in reading and computation, inferential reasoning and critical analysis, creative expression, handwriting, exposition, social adjustment, and more. Given the diverse goals of schools and all that teachers are expected to accomplish, it is not surprising that the products of their work have not been fully defined or accurately measured. The quality and consistency of the raw materials of teachers’ work—the children whom they teach—are beyond their control. Teachers are expected to do the best with what they are given; discards are not permitted.³⁷

From the perspective of many school critics, educators have failed to rationalize schooling sufficiently—to define clear goals, to modernize the technology of teaching, and to set standards for successful teaching and learning. Thus, they argue, merit pay fails. Educators, too, often judge their own work by industrial standards and feel apologetic for its shortcomings, especially during times of national attention. These are the school board members, administrators, and teachers who agree with merit pay “in principle” and will try to surmount its problems “in practice.”

But their efforts, however responsible, are probably futile. Merit pay can only achieve its purposes—better teaching staffs, better instruction, and better schools—if it fits the workers and the workplace. It must provide effective incentives for individuals, and it must be consistent with the goals of the enterprise. These are not the standards of education, but those of business. Merit pay for teachers falls short on both counts.

Merit pay is not an effective incentive for all people. Edward E. Lawler, an expert on industrial compensation, observes that “more entrepreneurial, achieve-

³⁴ “The Qualities of Merit in Teachers,” *Journal of Educational Psychology*, 1 (1910), 272.

³⁵ See John D. McNeil and W. James Popham, “The Assessment of Teacher Competence,” in *The Second Handbook of Research on Teaching*, ed. Robert M. W. Travers (Chicago: Rand McNally, 1973).

³⁶ Quoted in Thomas Toch, “Merit Pay Issues Dominates School Reform Debate,” *Education Week*, 15 June 1983, p. 14.

³⁷ Dan C. Lortie characterizes the uncertainty that pervades teachers’ work: “The teacher’s craft, then, is marked by the absence of concrete models for emulation, unclear lines of influence, multiple and controversial criteria, ambiguity about assessment timing, and instability in the product.” *Schoolteacher: A Sociological Study* (Chicago: Univ. of Chicago Press, 1975), p. 136.

ment-oriented individuals seem to be attracted to those organizations where rewards are based on competency and performance.”³⁸ While teachers work very hard, they are not particularly “entrepreneurial” or “achievement-oriented” in a financial sense. We know that teachers are generally a conservative group who seek the security of good salaries but are also more motivated by the content and process of their work than by the opportunity for extra compensation. As Lortie observes, teachers “want to teach.”³⁹

Recently, John Goodlad reported that a majority of teachers in his study had chosen teaching as a career because of the kind of work it offered. He found that teachers left teaching because they were “frustrated in what they wanted to do or disappointed in their own performance,” and that although “money was not a major reason teachers gave for entering teaching, it ranked second as a reason for leaving.”⁴⁰ Goodlad comments, “We might speculate that, anticipating rewards intrinsic to the work, teachers begin with a willingness to forego high salaries. However, when confronted with the frustration of these expectations, the fact that they sometimes are paid less than the bus drivers who bring their students to school may become a considerable source of dissatisfaction as well.”⁴¹

While teachers unquestionably deserve higher salaries and will not remain in teaching without financial security, recent research suggests that incentive strategies for keeping our best teachers in schools should center on the workplace rather than on the pay envelope. There is no evidence that teachers want competitive pay or that they would continue to teach because of it. Unless schools become places where teachers can teach, those who can leave will.

Not only is merit pay likely to be a poor motivator of teacher performance, it may well interfere with efforts to improve schools. Lawler reports that, contrary to common beliefs, performance-based pay systems are not widely used in industry and have limited application when they are used. He explains that merit pay is effective in work such as sales or piecework where the individual “employees contribute independently to the effectiveness of the total group or organization. It is thus appropriate to implement an incentive plan that motivates these employees to maximize their individual productivity and to pay little attention to cooperative activities.”⁴² Performance-based pay is not appropriate, though, for work that must be done “either successively (work that passes from one person to another, for example, assembly operations) or coordinately (work that is a function of the joint effort of all employees, for example, process production as is done in chemical plants).”⁴³

Schooling is a very interdependent process. Teachers rely on those who instruct other grades or subject levels to do their work well so that the final product of this educational assembly line is a well-educated student. Moreover, teachers must con-

³⁸ *Pay and Organization Development* (Reading, Mass.: Addison-Wesley, 1981), p. 81.

³⁹ Lortie, *Schoolteacher*, p. 175.

⁴⁰ *A Place Called School: Prospects for The Future* (New York: McGraw-Hill, 1983), p. 172.

⁴¹ Goodlad, p. 172.

⁴² Lawler, p. 97.

⁴³ Lawler, pp. 97-98. See also Arch Patton, “Why Incentive Plans Fail,” *Harvard Business Review*, 50 (1972), 59.

stantly cooperate with other staff and adjust their teaching practices to larger program or school goals.

Although educators have made little progress in defining and measuring effective teaching, they have been more successful in identifying and describing effective schools. Such schools are notable for their consistent focus and purpose. Teachers recognize their interdependence, plan cooperatively, and work collegially.⁴⁴ Stewart Purkey and Marshall Smith observe that “an academically effective school is distinguished by its culture: a structure, process, and climate of values and norms that channel staff and students in the direction of successful teaching and learning.”⁴⁵

On the basis of what we know from the experience of business with competitive pay, the introduction of merit pay into schools would likely obstruct rather than advance efforts to promote collegiality and cooperation among teachers. Competitive reward systems encourage independence rather than cooperation and divert employees' commitment from group goals to personal goals. As Goodlad recently concluded, “If you want to tear schools apart, this [merit pay] is the way to do it.”⁴⁶ The remedy that some in business have prescribed for education is not the miracle drug many suppose, but a nostrum that may do more harm than good.

Alternative Prescriptions

Industry's peremptory demands for accountability and merit pay in schools are ironic, given that it was the failings of business and industry that first focused attention on the schools. It is increasingly apparent that industry, too, has its problems,⁴⁷ and that those who revitalize ailing companies do so with a set of principles and practices quite different from those long espoused by U.S. business.⁴⁸

Conventional U.S. business values stress employee independence and self-sufficiency, competition and conflict, specialization of responsibilities, rational solutions to problems, and in some cases, pay differentials based on performance. But there are a number of successful U.S. corporations such as International Business Machines, Hewlett-Packard, and Intel that organize their personnel practices around a very different set of values.⁴⁹ Managers in these companies promote worker interdependence and the integration of the individual into the organization. They nurture cooperation and support among employees and emphasize the superordinate (non-monetary) goals of the organization.

⁴⁴ Judith Warren Little, *School Success and Staff Development: The Role of Staff Development in Urban Desegregated Schools* (Boulder, Co.: Center for Action Research, 1981).

⁴⁵ *Educational Policy and School Effectiveness* (Madison: Wisconsin Center for Education Research, 1983), p. 2.

⁴⁶ Goodlad quoted in Colleen Cordes, “Research Finds Little Merit in Merit Pay,” *American Psychological Association Monitor*, 14, No. 9 (1983), 10.

⁴⁷ Richard Tanner Pascale and Anthony G. Athose, *The Art of Japanese Management: Applications for American Executives* (New York: Warner Books, 1981), p. 324.

⁴⁸ William Serrin, “Japanese Turn Arkansas Plant Into a Success,” *New York Times*, 3 Nov. 1983, p. 1.

⁴⁹ Pascale and Athose, p. 324; Steve Lohr, “Overhauling America's Business Management,” *New York Times Sunday Magazine*, 5 Jan. 1983, pp. 14 ff; Fred K. Foulkes, “How Top Nonunion Companies Manage Employees,” *Harvard Business Review*, 59 (1981), 90-96.

These alternative business practices, recently popularized by Thomas Peters and Robert Waterman in *In Search of Excellence*, have some practical lessons for those who would revive and sustain U.S. schools. Peters and Waterman critique the “rational model” of management which holds that “if we give people big, straightforward monetary incentives to do right and work smart, the productivity problem will go away. Over-reward the top performers. Weed out the 30 to 40 percent dead wood who don’t want to work.”⁵⁰ Excellent companies, they find, “seem to understand that *every* man seeks meaning (not just the top fifty who are ‘in the bonus pool’).”⁵¹ Such companies sustain the efforts of even the most average employee with an array of non-monetary and monetary incentives for both “small wins” and major triumphs. They promote commitment to one’s unit rather than to oneself by stressing and rewarding group achievements. They have a “deeply ingrained philosophy that says, in effect, ‘respect the individual,’ ‘make people winners,’ ‘let them stand out,’ ‘treat people as adults.’”⁵² Such approaches differ markedly from those implied by the conventional rational model.

This emphasis on group goals over individual incentives is consistent with what we know about the need for cooperation in improving schools. Good schools are more than congregations of good teachers. They are organizations in which the participants share purposes, values, and the determination to succeed—together. Although merit pay holds little promise for public education, school officials may draw many useful lessons from the corporate world about how to achieve and maintain success while making schools humane places in which to learn and work.

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⁵⁰ *In Search of Excellence: Lessons from America’s Best-Run Companies* (New York: Warner Books, 1982), p. 43.

⁵¹ Peters and Waterman, p. 76.

⁵² Peters and Waterman, p. 277.

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