

Study links teachers' pay and pupil performance—a review article

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"If teachers were better paid and higher up the national income distribution, would there be an improvement in pupil performance?"(1) This is the question posed by researchers Peter Dolton (University of London) and Oscar Marcenaro-Gutierrez (University of Malaga). The researchers cite evidence from published studies that demonstrates that teacher compensation affects teacher recruitment and retention, and that higher teacher pay is associated with better-qualified teachers. To answer the question as to whether better teacher pay influences student performance and if so, by how much, Dolton and Marcenaro-Gutierrez conducted a cross-national comparison, using OECD data for 39 countries, to examine "the relationship between the real (and relative) level of teacher remuneration and the (internationally) comparable measured performance of secondary school pupils".

"Yes—higher teacher pay does lead to improved student outcomes"

Based on an in-depth econometric analysis(2), the researchers conclude that yes, student outcomes are influenced by how well teachers are paid. The study found that a 10% increase in teacher pay would increase pupil performance by 5-10%, and "a 5% increase in the relative position of teachers in the income distribution would increase pupil performance by about 5-10%". The study authors also found there was a "trade-off between pupil/teacher ratios and teachers' pay across countries", concluding that "if a country is not prepared to pay teachers relatively well, then it will have to go a long way down the road of reducing class sizes to compensate them".

Study recommends increasing teacher pay and reducing time to reach higher salary levels

Based on this evidence, the researchers conclude that "increasing teacher salaries, and the speed at which they can reach higher pay levels within a particular pay structure, will help schools to recruit and retain" highly-qualified teachers. These recommendations are consistent with BCTF bargaining objectives to negotiate a salary increase for all teachers and to shorten the salary grid. The study authors also suggest options for increasing the supply of well-qualified teachers more quickly. Of concern are options that would link student performance to teacher pay increases or potential dismissal for teachers deemed not to be performing well. Preferable are the authors' suggestions to reduce class size, thus employing more teachers from the available pool of "inactive teachers", and/or increase professional development opportunities for existing teachers.

Improved student performance linked to economic growth

The authors cite research that determined "the increase in human capital accounted for more than half an extra percentage point of growth in the 1990s compared with the previous decade". The study authors caution that the potential negative impact of not increasing teacher salaries may be to hinder the development of human capital, which in turn will inhibit economic growth in the coming years. The findings of this study should serve as a warning to governments whose policies suppress teacher salaries and/or ignore teacher concerns about class size limits, as this will undermine student performance, resulting in a negative and long-lasting impact on economic growth.

(1) Summary of the results: Dolton, P. & Marcenaro-Gutierrez, O. (2011). Teachers' pay and pupil performance. *CentrePiece*, 20-22. Retrieved on January 19, 2011

at <http://cep.ise.ac.uk/pubs/download/cp352.pdf>.

(2) For details on the study methodology, analysis, and results, see: Dolton, P. & Marcenaro-Gutierrez, O. (2011). Teacher Pay and Pupil Performance, *Economic Policy*, 26 (65), 5-55. Retrieved on January 19, 2011 at <http://onlinelibrary.wiley.com/doi/10.1111/1.1468-0327.2010.00257.x/pdf>.