Pupils pay for regulation of teachers' salaries

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Teacher productivity is a large concern for the current coalition government. A new study, published today [22 August] investigated the relationship between centralised pay setting of teachers' salaries and school performance and found a negative impact on pupil learning. The findings reveal that centralised pay setting leads to an average loss of one GCSE exam grade per pupil.

The study, by academics from the University of Bristol, analysed data from around 200,000 teachers in 3,000 public (state) secondary schools that educate three million of England's children per year.

In England the School Teacher Review Body (STRB), a central review body, publishes guidelines on pay scales for teachers. The recommended pay scales exhibit limited regional variation. The result is that teachers' pay differentials across regions do not fully reflect the

regional differentials in private sector wages. For example, the average difference in teacher wage between the North East of England and Inner London is approximately nine per cent, while the equivalent private sector wage difference is larger than 30 per cent.

The effect of this is that in areas where private sector wages are high centralised pay setting acts as a pay ceiling for teachers. This can cause difficulties in recruitment and retention, especially of higher-quality workers. For example, high-ability teachers might decide to leave the profession, move within the profession to a region where their relative wage is higher, or be deterred from entering teaching in the first place. We would expect this to impact negatively on the learning of pupils in high wage labour markets.

The study confirms this simple intuition. Using data on school performance and local wages, the researchers identified a loss of approximately one GCSE point per pupil – equivalent to dropping one GCSE grade in one subject - in response to a ten per cent increase in the average wage paid in the region in the private sector. This fall in GCSEs grades represents around a two per cent fall in the average score in these important exams.

Professor Carol Propper, an author of the study from the University's Centre for Market and Public Organisation (CMPO), said: "The nature of teaching in England means a large proportion of the work is discretionary (time spent lesson planning, engagement in after-school programmes, time invested in particular children) so there is scope for reductions in effort in response to lower relative wages. Our findings present strong evidence that the centralised wage setting of teachers' pay has a negative impact on pupils' learning. Furthermore, the cost-benefit of removing centralised pay regulations means that the long-term gains from the removal of regulation could be very large."

Earlier research by CMPO researcher, Professor Carol Propper, also found that centralised pay regulation for nurses harmed patients in a very stark setting: patients in hospitals where nurses' wages were low compared to the general labour market were more likely to die after emergency admission for a heart attack.

In general, the CMPO research supports the Chancellor's call for an urgent need to review centralised pay setting in the public sector.

The research, carried out by the Centre for Market and Public Organisation (CMPO) at the University of Bristol, was funded by the Economic and Social Research Council (ESRC).

More information: Paper: CMPO Working Paper No 12/293 Does wage regulation harm kids? Evidence from English Schools by Professor Carol Propper and Jack Britton.

Provided by University of Bristol

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