

# Is the College of Business a Cult (and Should it be)?

Management Professor Stephen Bushardt says “Yes”

The title above is intriguing, to be sure. However, when you read the article below (available at [www.timbersnursery.com](http://www.timbersnursery.com)) by our own Stephen Bushardt, professor of management, you will have some context for this report's title.

## Improving Teaching Effectiveness: Merit Pay vs. Organizational Culture

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### *Abstract*

*In recent years the idea of using merit pay as an inducement for improved teaching performance has been widely considered. In particular, legislators, parents, and school board officials see merit pay as a means by which the classroom performance of teachers might be improved. Unfortunately, the use of merit pay by itself is unlikely to achieve the desired results and may lead to a deterioration of present performance levels. An attempt to impose a merit pay system without considering and reorienting the organizational culture of the educational system on which it is imposed will almost certainly fail, and offers a potential for a significantly counterproductive effect. This article identifies the potential problems associated with merit pay systems and explains the extent to which organizational culture impacts on performance.*

The issue of merit pay for schoolteachers is being advocated by many state legislatures, school boards, and parents as a panacea for the faults of public education. Although others do not perceive it as such, merit pay has been viewed by its proponents as a step in the right direction to increase teaching effectiveness (Congressional Task Force on Merit Pay, 1984; Uzzel, 1984). The use of merit pay raises the implication that employees increase their level of performance to receive future increases in their salaries.

Schoolteachers view merit pay systems with mixed emotions: some favor the concept; others oppose it (Rist, 1983). Many teachers have reservations about administrators' ability to allocate raises fairly based on performance. The issue of accurately measuring performance, a very real problem that is not easily resolved, is central to their concerns (Barber & Klein, 1983; Cramer, 1983). However, merit pay is unlikely to increase teacher performance in the classroom and is likely to have a detrimental effect by decreasing overall performance even if the issue of measurement were resolved. A more fruitful avenue to follow to increase teacher performance is the development of the organization's culture. Exemplifying this

concept, the Japanese, with their performance-oriented industrial culture, have consistently outperformed their American counterparts even though individual performance evaluations and merit pay systems are extrinsic to the Japanese formal organization (Organ & Hamner, 1982). Generally, organizations with a system of shared values and a unified sense of purpose are better able to develop talent and motivate individuals to increase their performance levels than those organizations without such a system and sense of purpose (Cummings, 1984).

### **Why Merit Pay for Teachers Will Fail to Increase Performance**

Merit pay will fail to increase individual teacher performance if any one of the following conditions is present: (a) lack of skills; (b) the poor timing of rewards, (c) an inability to measure performance, and (d) competing outcomes (Bushardt, Toso, & Schnake, 1981).

#### **Lack of Skills**

It is unfortunate that some of our educators have received poor training and, consequently, lack the skills required to be effective teachers. Many of the reports of the condition of American Education-- *A Nation at Risk* (National Commission on Excellence in Education, 1983), for example -- have cited this problem and have recommended various courses of corrective action, which in time, should resolve it. For those who lack the skills to be effective teachers, it is highly unlikely that merit pay will increase their level of performance. These individuals require additional training to become effective classroom teachers (Bushardt, Toso, & Schnake, 1981).

#### **Poor Timing of Rewards**

Most of the new merit pay programs require an annual performance review during the late spring of each academic year. In the performance review the administrator assesses the teacher's performance during the preceding year and bases the merit pay decision on that evaluation. There are numerous variations of the method of evaluation including peer participation and team evaluation. A problem with the annual performance review form of evaluation is that it is likely that even more months will pass before the teacher realizes the benefits through a paycheck.

A basic principle of learning theory is that desired behavior should be rewarded immediately to increase the probability that the behavior will occur again (Bandura, 1969). Effective teaching performance in September is not likely to be rewarded until the following year. The reward is so far removed from that performance to have much impact on any future performance.

Learning theory postulates that for rewards to be effective reinforcers of behavior they should be proportional to past reward for past performance (Hamner, 1974), and they should be offered consistently. However, the amount of funds available for teachers' salaries varies from year to year in most states depending upon the state of the economy, tax revenues, and the discretion of the legislators. In these uncertain times it is possible for a teacher to perform outstandingly and not receive a pay increase, merit or otherwise, simply because state funds are not available.

If merit pay continues to be granted on an annual basis and/or merit pay funding is uncertain, it is improbable that a merit pay system will lead to increased

teacher performance. Furthermore, the performance review that can be used to develop better teaching skills by providing feedback is unlikely to do so if it is also used for merit pay determination. By using the performance review for merit pay decisions, the performance review process is diverted from its primary purpose of professional development to that of its impact on salary, which fosters employee defensiveness and concerns of a pecuniary nature rather than concern for improving teaching effectiveness (Bushardt, Fowler, & Debnath, 1985; Bushardt & Miles, 1981; Kearney, 1976).

#### **Inability to Measure Performance**

The difficulty and the complexity of measuring or appraising teacher performance can be epitomized by the old adage, "I don't know what makes a good teacher, but I know one when I see one." Two common approaches are being advocated for measuring teacher performance. The first approach attempts to measure teacher behaviors that should result in more effective student learning (Soar, Medley, & Coker, 1983). The evaluator uses a checklist of teaching behaviors, which presumably leads to more effective learning by students, and may include such behaviors as the teacher: (a) has well prepared lesson plans; (b) gives frequent tests; and (c) gives meaningful homework assignments.

A problem with this approach is that it is difficult to specify all desired teaching behaviors (Bushardt, Fowler, & Debnath, 1985; Bushardt & Miles, 1981). What is particularly damaging is that in an effort to increase objectivity those behaviors, which are more easily measured will be measured, and all other behaviors will be deemphasized. For example, the use of daily lesson plans is likely to be emphasized because it is objective and easy to measure; yet, the inspiration of students is likely to be ignored because of its subjectivity. The emphasis on objective data will emerge as evaluators are required to justify their evaluations before school boards and the courts (Holley & Field, 1975; Klassen, Thompson, & Luben, 1980).

Another problem with this method of appraisal is that it cannot capture every one of the specific behaviors of an effective teacher in what undoubtedly would be a very extensive list (Bushardt, Flower, & Debnath, 1985). As such, attempts to enumerate these behaviors will fall short, opening a Pandora's box: some teachers will only strive to exhibit those behaviors listed, ignoring all other behaviors associated with effective teaching. Administrators should be very careful when conveying to employees what they are seeking because they are likely to receive only that which they requested. Teachers who do exactly what administrators request without applying their creativity and judgment can destroy the educational process. Again, the Japanese are offered in example: they have learned the art of ambiguity by requesting effective performance without providing excessive detail. This often results in higher levels of employee performance than that which was expected.

An alternative approach to measuring those behaviors associated with effective teaching is to measure results. This method normally assumes the form of administering a test to students at the beginning of the year to ascertain their competency levels and of administering a second test at the end of the year to measure the learning that has occurred during the year. Testing students to measure learning can provide valuable feedback to teachers as well as to administrators. The problem arises when the scores are used as a measure of effective teaching, and merit pay decisions for teachers are based on these scores

(Soar, Medly, & Coker, 1983). For the merit pay system to have an impact on teacher motivation, teachers must perceive a strong relationship between their teaching skills and student learning, between student learning and the student test scores, and therefore, between student scores and their teaching performance. In addition, teachers must see a connection between their performance review and a merit pay raise. However, teachers have no control over the contingencies of this approach thereby precluding the likelihood of a visible, strong relationship between teaching and merit pay increases.

What is even more disconcerting is that when merit pay is linked to student test performance, teachers' behavior is likely to be directed toward teaching primarily that material which will increase student test scores. Education may be reduced to the level of those private organizations that offer how-to weekend seminars for improving scores for admissions tests for law school, medical school, and graduate school. The emphasis is on how to take tests, not on the acquisition of knowledge.

Teacher evaluation, although important to the development of effective teachers, is by nature a subjective process. Yet, a subjective evaluation is likely to be accepted and used by teachers *if the purpose of the evaluation is professional development* (Bushardt, Fowler, & Debnath, 1983; Bushardt & Miles, 1981). Once an evaluation is used for merit pay decisions teachers, school boards, and courts are likely to insist on the use of more objective methods of evaluation. It is highly possible that even if objective and fair methods of performance evaluation are developed, teachers would continue to believe that evaluations were unfair, negating any motivational impact (Dennis, 1982; Linton, 1945).

### Competing Outcomes

The Law of Relative Effect states that when mutually exclusive reinforcers follow varied responses, the reinforcer, which follows the response that is repeated has the greater effect (Organ & Hamner, 1982). In terms of relative effect, merit pay raises would be ranked low compared to many other outcomes because of time lags and the tenuous relationship between performance review and effective teaching. The various reinforcers are extremely complex, but a simple example may serve to illustrate. A teacher on Thursday night is faced with the choice of preparing for class on Friday or spending time with the family. The family is likely to provide far stronger and more immediate reinforcers than a potential merit pay increase, which would be forthcoming in a year.

In this simple example with only two reinforcers available the teacher might choose not to prepare for class and improve her lessons. In reality many teachers forsake time spent with their families and prepare for class, not for the potential merit pay increase but for those other, numerous reinforcers or rewards available in the educational system that are more effective than merit pay. A primary reinforcer is students who respond favorably when the teacher is prepared. Another is the respect of one's colleagues. Many of these alternative reinforcers result from the organization's culture. Although merit pay, which is a mechanism of the formal organization, represents an attempt to increase performance, it is likely to discourage effective teaching by its design. Since the organization's culture would tend to have a stronger relative effect on performance than would merit pay, performance is likely to decline.

One of the stronger reinforcers common in teaching is recognition by one's peers. This recognition is often offered informally when one teacher compliments

another for a former student's learning. This type of reinforcement occurs everyday in an educational setting and can assume many different forms. A merit pay system is unlikely to increase teaching performance and is likely to weaken this type of reinforcer. For example, in a merit pay system each teacher is competing against every other teacher for her share of the limited amount of money available for merit pay raises. If one teacher receives a large merit pay raise, there will be less money to divide among the remaining teachers. In essence, the merit pay system is a win/lose game in which some teachers win at the expense of others.

While competition is the cornerstone of our economic system, the nature of competition for merit pay in the teaching profession is destructive. Economically rational teachers would not reinforce colleagues' teaching effectiveness because it would decrease the chances of their own potential raises. A merit pay system encourages the faculty to depreciate the teaching of their colleagues since individual merit is relative to the merit of those with whom one works. Therefore, it may not be necessary to improve one's teaching performance if one can depreciate the accomplishments of all those with whom one is to be compared.

The use of a merit pay system may serve to decrease teaching performance by subverting those aspects of the culture that foster classroom excellence. For instance, cooperation, constructive criticism, and mutual support may disappear as teachers compete with each other for high performance evaluations. The school's culture serves to reinforce behavior that is rewarded; therefore, in those instances when counterproductive behaviors are encouraged, the cultural impact of a merit system may be to generate mediocrity rather than to promote excellence.

This is not to suggest that merit pay can never induce teaching effectiveness. Rather, it is to suggest that the imposition of a merit system without consideration of all possible ramifications may lead to surprising and undesirable results. A system that takes advantage of culture reinforcers to enhance rather than to inhibit performance should be designed; that is, administrators should manage within the context of the culture in which they find themselves, taking advantage of the favorable or supportive aspects while avoiding or changing those that are unfavorable or non-supportive.

#### **Organizational Culture, a More Effective Mediator of Reinforcers**

Linton defined culture as the "configuration of learned behavior and the results of behavior whose component elements are shared and transmitted by members of a particular society" (1945, p. 6). Of particular importance is that behaviors are learned from other members through a process of rewarding conforming behaviors and ignoring or punishing undesired or nonconforming behaviors. A strong culture offers a widely accepted philosophy shared by organization members, which serves as the standard by which conformity and nonconformity are measured (Peters and Waterman, 1982).

This suggests that the organization's culture is a more effective mediator of rewards than the formal organization can ever hope to be. The culture continuously monitors behavior and offers timely rewards through the members of the organization who mete out rewards and sanctions. Strong cultures are those in which reinforcement is consistent, and the consistency is the product of a widely shared philosophy that becomes a part of an individual's value system.

The effectiveness of the organizational culture as a mediator of rewards lies in its pervasiveness. In addition to frequency and timeliness, the culture individually tailors rewards and handles individual differences as they relate to performance, development, and personality. Organizational culture exerts control over a comprehensive set of behaviors. The formal structure of the organization, bound by the requirements of the legal system, uses for evaluative purposes only those behaviors that are easily measurable, whereas the organizational culture, which is by definition more ambiguous, incorporates a wider range of behaviors in its evaluation.

The powerful influence that the organizational culture exerts over individual behavior may be desirable or undesirable, given the formal organization's perspective. If the culture is supportive of the attainment of the organization's goals it can contribute significantly to the organization's success. Conversely, cultural norms contrary to the organization's goals may serve to impede this attainment. Therefore, administrators must invest time in the development and maintenance of an organizational culture that is conducive to the success of the organization (Deal & Kennedy, 1982). The organization can no longer value its culture too lightly. It must attend carefully to cultural matters to redirect itself to meet the challenges of today's environment (Wilkins, 1983). The key elements of an organizational culture will help to explain this new role for tomorrow's educational administrators.

### **Heroes**

Heroes are individuals within the organization who are identified by members as the embodiment of organizational values (Deal & Kennedy, 1982). Heroes serve as beacons for younger members and communicate those behaviors that are valued in the organization. Heroes can be created by the organization, which selects those individuals it wishes to recognize by presenting them with special awards or citations. Unfortunately, heroes from the past who attained their status through teaching excellence are no longer revered in many educational organizations. Rather, they are held in contempt for their lack of militance or unwillingness to place their personal interests before the interests of the school and its students. In these organizations, the new, modern heroes who emerge embody cultural values that may be contrary to the best interests of the organization.

### **Storytellers**

Storytellers perform a special role in the organizational culture by passing the organization's values to others in the form of stories. They link the present with the desirable past, providing significance to membership and communicating those behaviors desired by the culture (Deal & Kennedy, 1982). They are the curators of the organizational culture and harbingers of professional worth. In education they are the ones who relay stories of other teachers who "straightened out" young troublemakers who became successful, productive members of their communities and society. The stories, of course, offer the message that with time, energy, and commitment a teacher, any teacher, can alter the future of young people. The stories communicate that the organizational culture and the organization value of those teachers who can redirect errant lives. Storytellers may or may not be very productive in their own right, but their impact is critical. A good storyteller is one of the most valuable members of the organization.

## Rituals

Organizations with strong cultures usually employ rituals. The rituals can assume many forms and have different purposes. For instance, hazing is a ritual that serves as a rite of passage signifying membership; it says, "Now, you are one of us." Other rituals such as awards ceremonies reinforce the organization's values. Many times these rituals are cloaked in humor, but the message is a poignant (Deal & Kennedy, 1982). One high school principal required all new members of his teaching staff to prepare and present a five-minute speech introducing another new member of the staff. The content of the speech required a general biographical sketch, educational background, and a statement of teaching philosophy. This ritual served several purposes beyond that of introducing new staff members: it prompted new staff to meet each other and begin working together; it required them to think about their approach to teaching within the context of their new employment; it offered the other staff members a chance to identify new staff members who needed guidance matching their approach to teaching with the accepted norms of the organization. These factors worked together to transfer new staff members from "outsider" to "insider" status within the organization and its culture.

## Summary

Merit pay or other reward systems of the formal organization are unlikely to have a significant impact on individual teacher performance due to the organization's inability to reward in a timely manner and to differentiate among the large numbers of behaviors desired. Administrators do not have the time or capability to reward individual behaviors in a timely and effective manner. Using a formal reward system to insure effective performance is akin to using a six inch, house painting brush to paint a portrait: both assure similar results.

If educational administrators hope to improve teacher performance they should direct their attention and efforts to managing the organizational culture since it is a more effective and efficient mediator of reinforces than the individual administrator can ever hope to be. This does not make the administrator's job less difficult; the process of managing a strong culture with desirable values is slow and time consuming. The first step to resolving the educational crisis of today is the realization that through the management of the organizational culture, effective teaching performance can be increased. The culture can accomplish much that is unattainable from the formal organization's "normal" offering of rewards.

## Report from the Firing Line

On the first day of school Ms. Johnson, who had inherited a small sum of money from a deceased brother, noticed that many young men tended to wear their hair with a small ponytail. She was of the opinion that the hairstyle was not attractive and might be detrimental to their success in society and in her course as well. With this in mind, she decided to use her small inheritance to improve humanity and selected one young man named Tom to "improve." On the second day of class she called Tom aside and told him that she would give him \$500 at the end of the term if he kept his hair cut. Tom mumbled something in response.

When the term ended, Ms. Johnson was somewhat perplexed because Tom had not taken advantage of the offer and was still wearing his ponytail. But, being

a dedicated teacher who did not concede easily, she decided to use her inheritance to reform a young man named Dick who arrived at the first class of the next term with his hair also in a ponytail. Ms. Johnson called Dick aside. Cognizant of her prior failure, she changed her offer. "Dick, I will give you \$500 if you will cut your hair and remove that tail." Dick readily accepted the offer and promised to return the next day with a haircut and no tail.

The next day Dick arrived with his new haircut. Ms. Johnson, in shock, handed him his check. True, the tail was gone and his hair was short, in fact completely shaven on the sides with a small two-inch strip of hair down the middle. The entire term was a complete disaster for Ms. Johnson as four other young men also adopted the Mohawk haircut.

Ms. Johnson, having realized a second failure, decided to try once more at the start of the next term. She identified several additional students with tails and made her offer, only to be rejected until she approached Harry. She said, "Harry, I will give you \$500 if you will cut your hair." She quickly added, "It must be a traditional hairstyle, tapered on the side, and approximately three inches on the top. I have a picture of the hairstyle so we will both know what is expected. Furthermore, your hair cannot be dyed but must be your natural color; no adornments can be affixed to your hair; no chemicals can be used to alter its texture." Harry agreed and returned the next morning with his hair cut. Ms. Johnson was delighted and paid the \$500.

As she noticed Harry's hair each morning, Ms. Johnson believed that her efforts had not been in vain. However, as the year advanced her joy eroded as Harry's hair grew longer and longer. By the term's end, the tail had returned.

As the next year began she decided to call on Tom, Dick, and Harry, all of whom had graduated and were pledges of a fraternity at the local university, to learn why she had failed. When she saw them she was absolutely shocked. All three had identical haircuts in the fashion she had desired. When she asked why, they all explained, "You can't wear your hair like that and be in the fraternity."

At first Ms. Johnson thought there was a rule against it, but the boys assured her there was no rule. Finally, Tom summed it all up. "I want to be a part of this organization, and people in this organization wear their hair like this and now so do I. It's really part of the scene, just like a ponytail was part of the high school scene."

Ms. Johnson responded, "But why with such handsome haircuts do you wear those ugly shorts that look like pajamas?"

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