

# Teacher Economic Incentives in Private Subsidized Schools in Chile<sup>1</sup>

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**Teacher Economic Incentives in Private Subsidized Schools in Chile.** The purpose of this study is to provide empirical evidence on the economic incentive policies designed by school leadership teams in private subsidized schools in Chile. The case studies are investigated using a qualitative methodological approach involving the comparative analysis of data collected through in-depth interviews. The findings show that the incentives have been variously designed in relation to purpose, structure and value. Some are targeted at teachers, while others reflect student learning outcomes based on standardized tests, student attendance and teaching staff work discipline. Economic incentive policies should ensure the impact on learning outcomes. However, this was not done in the cases investigated in this study. Further investigation is required to address this research area, as it has not been sufficiently explored in the literature.

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## Introduction

For those interested in analyses of global social reform, Chile represents an interesting and arguably unique case. No other country has undergone such a systematic and thorough wide-ranging neoliberal socio-economic transformation. Chile's national neoliberal transformation, from 1973 to 1990, is now considered a model experiment of radical neoliberal social reform. (Verger et al. 2016) The reforms would continue even after 1990, albeit with certain adjustments. It was an experiment that had wide-reaching global consequences. It influenced social reforms in Latin America and its experiences became a kind of "laboratory" (p. 37) for western democracies, in which the effects and

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consequences of the reforms could be observed and the individual elements incorporated into social systems.

In some ways this is reflected in the composition of the research team involved in this study. It includes researchers representing Chile's perspective and experiences as well as researchers from countries that are in some way linked to the Chilean transformation. The Chilean reformers were educated with US support at leading American universities so they could implement neoliberal reforms in Chile. They were known as the "Chicago Boys" (38). These reforms would subsequently inform Slovak thinking after the fall of communism, when it was establishing its socio-economic identity and its leaders took inspiration from Chile's experiences. The most salient example of this is the pension reforms and introduction of the capitalization pillar in 2004, inspired by a visit to Chile by Slovak politicians. These were part of the package of measures that led to "Slovakia's neoliberal turn". (Fisher et al. 2007)

In education, the importance of Chile's experience was even greater. Chile is a perfect laboratory case of the privatization of education and the implementation of an education voucher system. The significance of these in terms of globalization is hard to fully assess, but for instance Chile's experience has been used to inform the analytical basis for assessing the school voucher system in place in many US states. (Zimmer – Bettinger 2010) Slovakia is another country that operates a voucher system. It is currently limited to after-school activities, but the Chilean experience is now being echoed in new proposals for the private funding of education<sup>6</sup>. Chile can therefore be considered a most influential country in "the global politics of educational borrowing and lending". (Steiner-Khamsi 2004)

Chile is also a pioneer in the systematic introduction of teacher economic incentives. In 1996 it introduced measures linked to the results of standardized testing with the aim of using a monetary incentive allocated at the school level to improve teacher performance. (Alger 2014; Contreras – Rau 2012) Versions of these are now being implemented and assessed, particularly in the US, where a substantial amount of rigorous research has been conducted in this area and where different kinds of economic incentives are becoming increasingly widespread in schools. "In the US, the number of school districts adopting such performance-based financial incentives has increased by more than 40 % since 2004". (Imberman 2016: 172) This is in direct contrast to EU countries, where the issue attracts little attention and where there has been almost no empirical research at all. (Münich – Rivkin 2015)

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<sup>6</sup> The most recent is a Slovak initiative by the FA Hayek Foundation called Athena++. The foundation's view is that funding reforms should involve the setting up of personal student accounts which the student or parent would use for the direct "purchase" of education services.

## Chilean education system

The Chilean education system has been directly shaped by neoliberal policies. According to the Organization for Economic Cooperation and Development (OECD) Chile has a high level of socioeconomic segregation, and this is evident in both the stratification levels and the types of school. (Bellei et al. 2004; Mizala – Romaguera 2002) Chile has three types of schools serving three different communities: municipal (public), private subsidized and private. The first type, the municipal schools, is fully funded by the municipalities. Some have serious budget issues, while others seem to be better at managing budgets. These cross-country disparities are firmly established. The second type, the private subsidized schools, is both unique and idiosyncratic. The private subsidized schools were created in the 1980s during the dictatorship period. (Mizala – Torque 2012) In the literature the system is referred to as the Chilean voucher system. The budget comes from two sources: parents and the local authorities. Schools have the freedom to determine how much parents should pay per month and the local authorities send the money based on monthly pupil attendance rates. In both the public and private subsidized schools the monthly budget depends on pupil attendance. School principals therefore have to boost student attendance to avoid any negative impact on the schools' financial resources. Finally, the private schools have their own curriculum, are not supervised by public stakeholders and are not accountable to the education ministry, excepts where student wellbeing is involved. (Mizala – Romaguera 2002)

According to the OECD (2014) most students have tended to attend private subsidized schools (56 %), followed by public (35 %) and then private (9 %) schools. However, in recent decades this has been changing, and student enrolment in public schools has seen a dramatic decrease. In 1981, for example, 81 % of Chilean students were enrolled in public schools, but by 2014 this had dropped to 35 % (OECD 2014)<sup>7</sup>. This trend can be explained by the fact students and teachers have been striking for better learning and teaching conditions. As a consequence parents have tended to move their children away from public schools, arguing that the students were not receiving the appropriate number of teaching hours. This is known as the “Chilean penguin revolution”. In 2011 there was a heated debate over a new education

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<sup>7</sup> Until 1979 Chilean education was centralized under the education ministry. During the dictatorship the private subsidized sector was created. Consequently a free market system developed involving greater competition. It was an opportunity for private actors to invest in education, while receiving extra money from the state. It was the beginning of social stratification in Chile, and of academic performance being determined by socio-economic status. According to the OECD (2014) more than 23 % of the differences in student performance in Chile can be attributed to student socio-economic status, whereas in OECD countries the average is only 15 %.

law going through congress that would amend the structural reforms of the education system. (Mizala – Torque 2012; Bellei et al. 2004)

Traditionally, the teaching profession in Latin America has not received much recognition from society. (Ávalos et al. 2010; Fanfani 2005; Vegas 2005) This can be observed in relation to working conditions, especially in terms of salary, and future career pathways. (Acuña 2015; Bellei et al. 2004) Following the OECD recommendations, Chile has been creating new policies to improve the recognition of teaching as a key profession. For example, a new teaching career law was adopted in 2016, which introduced performance-related pay, raised the admission requirements for education programs and introduced quality assessment in universities and education institutions. However, these apply only to public schools. It is in this context that leadership teams in private subsidized schools have adopted a neoliberal approach and argued that economic incentives are a viable alternative means of improving working conditions in schools. (Mizala – Romaguera 2002)

In the public sector in Chile there are broad restrictions on the allocation of financial resources for economic incentives. (Mizala – Torche 2012) Consequently there is therefore little empirical evidence on economic incentives in the public sector. However, economic incentives are a common practice in the subsidized private sector. (Acuña 2015) The purpose of this study is to describe the various economic incentives designed by leadership and school management teams at private subsidized schools in Chile. The study aims to fill the gap in the literature on teacher economic incentives by providing empirical evidence. It will also contribute to understanding on how leadership teams and school principals view economic incentives.

### **Teacher economic incentives**

Economic incentives are used in various types of organizations. In education, economic incentives exist for schools, school principals and teachers. Offering economic incentives is a strategy adopted by school districts, governors and school principals to improve teaching staff satisfaction. (Alger 2014; Dixit 2002; Glewwe et al. 2010) Economic incentives that specifically target teachers can raise student learning outcomes (Muralidharan – Sundararaman 2011), especially in standardized tests. (Winters et al. 2007) However, some studies have shown that offering teachers economic incentives does not necessarily have an impact on student performance. (Springer et al. 2012; Münich – Rivkin 2015)

According to Johnson and Papay (2009) economic incentives can be differentiated according to intended purpose, structure and value. For example, Strunk and Zeelandelaar (2011) explain that organization size is important when defining the purpose of the incentive. Economic incentives have been

used for multiples purposes in school districts. In contrast, it has been shown that structure and value are more independent variables. (Johnson – Papay 2009) Examples of incentives include differential pay for teachers working in challenging schools; hiring bonuses; retirement waivers; and housing or transportation benefits. Much of the research in business in this area has focused on individual or collective economic incentives. Those incentives are associated with performance, indicators, measurements and so forth. However, in education there has been limited research on economic incentives and on teachers and any findings are inconclusive. (Lazear 2003; Tirivayi et al. 2014)

There has been wide discussion in the literature on the validity of teacher economic incentives in schools and on the type of incentive that has better impacts. (Lavy 2009) For instance, Clotfelter, Glennie, Ladd and Vigdor (2008) conducted a longitudinal study observing turnover patterns in North Carolina in relation to the impact of economic incentives on teachers working in conditions of great poverty. The results suggest that bonus payments were sufficient (12 %) to decrease teacher turnover levels. Similarly, Steele et al. (2010) found that the economic incentive used in California (Governor's Teaching Fellowships) was effective in attracting and retaining talented novice teachers. They found that more than 75 % of novice teachers remained in the same school for at least four years.

Kolbe and Strunk (2012) performed a national survey in the US looking at different economic incentives designed by various states and school districts. Their main conclusion was that there were no clear guidelines on the economic incentives. Nonetheless, there is a wide range of heterogeneous sets of economic incentives to be found. (Kolbe – Strunk 2012; Lavy 2009) An interesting finding from the same research was that district-level incentive policies focused on “working around the salary rather than modifying teacher salary schedules”. (Kolbe – Strunk 2012: 806) This indicates that the approach adopted in school districts in the US is primarily compensatory.

Recently, especially in the US, teachers' financial incentives have tended to be based on pupil outcomes (most frequently linked to national testing). Imberman (2016) states that these incentives fall into three types: absolute target incentives, rank-order tournament incentives and piece-rate compensation systems. This third type is considered more appropriate than the other two. There has also been discussion on whether individual incentives are more effective than group incentives. The literature has tended to favor group incentives, and within that category team-based incentives rather than school-wide ones (Münich – Rivkin 2015), for example those based on grades or subject. (Imberman 2016)

In Latin America the teaching profession has tended to be less valued compared to elsewhere. (Fanfani 2005) Thus, in this region economic

incentives are often associated with compensatory goals. Acuña (2015) conducted an interesting study in Chile that found that teachers do not have a positive impression of economic incentives, especially ones targeting individual goals or performance. It is argued this is because of the perception that they are intended to compensate for low salaries or poor teacher development conditions. However, there is a lack of empirical evidence. This study, then, is an attempt to contribute further insights from the private subsidized sector.

### **Methods and data collection**

The research looks at five case studies, using a qualitative methodology. According to Creswell (2007) case studies are a fundamental part of understanding and mapping specific problems using an in-depth interpretative paradigm. In qualitative research that adopts a case study approach clear criteria must be selected for comparison purposes. (Creswell 2007) In this article we adopt the Johnson and Papay (2009) theoretical model to describe the economic incentives used in seven different Chilean schools. In this model the comparison criteria fall into three main categories: purpose, structure and value. According to Johnson and Papay (2009) teacher economic incentives are introduced for a purpose, and this can be either explicit or implicit. The purpose determines both the expected and unexpected consequences of introducing incentives in specific contexts. When designing an economic incentive policy the purpose should be stated and the results defined. The incentives have to be structured. The structure includes the various components and the way they interconnect to form a complex organization. Having a formal structure maximizes the effectiveness of the incentives. The value of the incentive is conceived of as beliefs, symbolic assumptions and usefulness for community members and the organization as a whole. (Johnson – Papay 2009)

The data gathered for this research project was obtained through five case studies. Firstly, we randomly contacted different private subsidized schools in a specific region of Chile to establish whether they provided economic incentives for teachers. In that region nine schools responded that they had economic incentive policies for teachers. We then invited these nine schools to participate in the study. In the end seven schools accepted. They agreed to participate in two interviews. The first interview was held with the school principals only and the aim was to obtain an initial idea of the typology of incentives created. A second interview was then carried out with each leadership team, comprising curriculum coordinators (*in Spanish: jefes de Unidad Técnica pedagógica*), inspectors and pastoral care leaders (in one case, the interview was held with the principal and two curriculum coordinators; in another instance, the interview was with the principal and one curriculum

coordinator and one head of subject department). This was because the mandatory regulations on leadership teams issued by the education ministry to the public schools do not apply to the private subsidized schools. This methodological decision was taken mainly because the first interview was exploratory and designed to obtain an understanding of the incentive in use, while the second phase of data gathering focused on how the incentive was implemented. (Creswell 2007)

All the fourteen interviews were recorded and then transcribed. Each interview was analyzed using the comparison criteria (purpose, structure and value). The categorization was performed independently by the researchers and then the results were compared in order to arrive at a consensus. (Creswell 2007) The type of analysis used during transcription was a “thematic analysis”. (Braun – Clarke 2006) We then identified the dominant themes within the three categories; hence we used a pre-defined analysis framework. Our approach was also analyst driven, by our analytic interest in the area. (Braun – Clarke 2006)

## Participants

This study describes five types of incentives. This is because three of the seven schools had similar economic incentive policies for teachers, with no significant variation (Case C). One of the cases is therefore representative of three schools. Table 1 provides information on the participants, indicating school level, school roll, number of teachers, average age of teaching staff, and education ministry classification of performance.

Table 1: Schools in the study

Incentive types	Case A	Case B	Case C	Case C	Case C	Case D	Case E
School level	Secondary	Primary and Secondary	Secondary	Secondary	Primary	Secondary	Secondary
School roll	631	801	433	398	265	253	289
Teaching staff	36	44	23	29	16	27	34
Average age of teaching staff	42	39	41	40	52	39	44
Ministry classification of performance	Low	Low	Medium	Low	Medium	Medium	Low

## Results

The aim of the research is to present empirical evidence of the types of economic incentive used in seven different schools. The data is summarized in Table 2 and includes a description of the incentive used in each case.

Table 2: **Description of five economic incentives in five private subsidized schools in Chile**

Incentive type	Case A	Case B	Case C	Case D	Case E
<b>Description of economic incentive</b>	Results are compared with the ones obtained in the previous year's SIMCE <sup>8</sup> . The incentive is awarded if there is an increase in scores, regardless of quantity. This is a results-based incentive and the decision is taken by the leadership team. However, only teachers of mathematics, language, natural sciences and social sciences can obtain the incentive.	Each department (subject area) decides who receives the incentive based on criteria set by that department. The criteria are drawn up in accordance with guidelines and presented to the school board. Therefore, each department has one beneficiary.	Based on a rubric that contains indicators such as attendance, medical leave, administrative permissions. The rubric was designed by the leadership team and focuses on staff work discipline.	Teachers who have 100 % attendance receive an extra salary. Teachers who had medical leave do not get the extra pay.	In Chile each class has to have a lead teacher (in Spanish: <i>profesor jefe</i> ). The teacher with the highest percentage of student attendance per semester is awarded the economic incentive.

Source: Compiled by authors

## Data analysis

The data indicate there are five different economic incentives. These vary in terms of purpose, structure and value. Each of the following cases was analyzed independently.

### CASE A

In the first case, the *purpose* of the economic incentive is to ensure that the school shows continual improvement in the SIMCE test results. The incentives are designed to prevent stagnation. Success in SIMCE testing is considered to generate overall school improvement at all levels:

<sup>8</sup> SIMCE (In Spanish: *Sistema de Medición de la Calidad de la Educación*) (Education Quality Measurement System) is a battery of national tests used to measure knowledge acquired that year in the main subjects in the 2nd, 4th, 6th and 10th grades (language, mathematics, science, and a foreign language: English).



*"As a school we always want to improve, and SIMCE scores have improved year after year. We wanted to reward that too, so that teachers are more motivated, children learn more, and everything has a positive impact. One thing leads to the other."* (School principal)

Therefore teachers working in the four main subject areas (mathematics, language, social sciences and natural sciences) – the test areas – are rewarded. The incentive is therefore selective in *structure*. It is only awarded to one group of teachers, and is therefore a team-based group incentive. The school principal states:

*"SIMCE teachers work too much, they are always there, they are super motivated. We consider it fair to reward them. In addition, the other teachers understand this; they know that they mitigate some of the stress and everything that is generated by the SIMCE."*

The incentive is structurally stable, and there is no reason to suppose there will be any fundamental change in terms of targeted recipient as it is a response to external assessments. It is determined by external indicators based on standardized tests. This is why the school does not offer the same incentive opportunities to all the community members. In terms of incentive structure the target group is pre-defined. Nonetheless the principal stated that there was a whole-school consensus on the recipients of the incentive. We were unable to confirm this using data obtained from the teachers because of the way the research had been set up. It could also be linked to the fact that the SIMCE results impact on the school indicators but no consequences ensue from the teachers' contracts. However, SIMCE is a key part of the performance agreement in the principal's contract.

In terms of *value*, this incentive is compensatory. It reflects the fact that teaching is a highly stressful profession, especially for teachers working in SIMCE areas:

*"We used the incentive because teachers complete thousands of tasks here at the school, we feel it is a way of compensating them for what they do."* (Pastoral care leader)

The value of the incentive therefore applies internally to the organization; however, it is also an important cross-school measure as schools are compared via national rankings.

### **CASE B**

In this school the *purpose* of the economic incentive is to reward teachers from each department and create a sense of community. It is therefore a team-based individual incentive. The leadership team had identified that teacher isolation was a problem from data they had. This incentive is seen as an opportunity to create conditions for collaborative teamwork.

*"Look, here at the school it is very difficult for teachers to work together as a team because in truth the relationships between them are not the best, so we want to improve that through the incentive. We think it could be a good starting point."* (Curriculum Coordinator)

This incentive does not have a clear *structure*. Clarity is found only in the fact members have to make a collaborative decision as to who is awarded the incentive. Therefore, there are as many structures as there are departments.

*"We wanted them to decide themselves who would receive the money. They could provide the same criteria, if they wanted to get away, or maybe one year it would be one person's turn, and the next year someone else's. We don't mind because what really matters is for them to begin working together as a group, but it could not be just anything either, so we finally decided to make a suggestion based on the teachers' later advice on how they chose."* (Curriculum coordinator)

The *structure* of this incentive is neither fixed nor stable. It is dependent on the negotiation process in the various subject departments. It does not reflect externalities.

The *value* of the incentive lies in the fact that it promotes and improves the internal dynamics of the organization. It is not about encouraging school performance as a whole since the departments can select different criteria. What is important is that it involves peer work on a task that requires engagement. In that sense, this school created the incentive via a strategy to increase collaboration among teaching staff. Therefore the leadership team was concerned with how teachers work rather than with the structure of the incentive.

### **CASE C**

The incentive used in the schools in case C is an annual economic incentive. Rubrics are essential to this model. That is because different sources of information are considered in the decision to reward teachers. The *purpose* of this incentive is therefore to ensure teacher commitment.

*"There are other aspects to evaluating teacher performance. We do classroom observations; look at student results, etc. We wanted to reward teachers who did not fail to keep their shirts on."* (School principal)

This incentive has a clearly defined *structure*. Two rubrics were created to evaluate the teachers. The teachers did not have to perform self-evaluations; instead the incentive structurally reflects the unidirectional decision made by the leadership team.

*"We decided to design the incentive using other indicators... so we have one rubric reflecting attendance, medical leave, punctuality, etc."* (School principal)

Schools are complex organizations. This school recognizes that teaching is hard. The value inherent in this incentive is the recognition that teaching is not just about performance but that it is also about commitment to the school. It is also a compensatory incentive. Eligibility for the incentive is based on easily identifiable formal administrative criteria. It is an individualized incentive, since the structure is set by the senior leadership, and it is stable in nature and does not reflect the quality of teaching or pupil outcomes.

*"One of the goals this year is to reduce absenteeism at work, teacher irresponsibility, because we have had several teachers absent on medical leave, which impacts on the normal development of the class. Sometimes I even have to cover for them or send the students home because there are no teachers. It has become a serious problem for us."* (Curriculum coordinator)

The value of the incentive is work discipline. Ensuring the smooth running of the organization is of value to the school leadership team, and is ultimately more important than teaching quality. We found incentives of this nature in three of the schools analyzed.

#### **CASE D**

This incentive is an example of a particular type of the previous incentive. It is not based on multiple criteria; eligibility is strictly limited to administrative criteria. This particular school has a problem with teacher absenteeism. The main purpose of the incentive is to prevent teacher absenteeism during lessons. The aim is to reduce the number of teachers on medical leave within the school as a whole.

*"This economic incentive was created mainly because our biggest problem was the high numbers on medical leave. It causes serious management problems: firstly, the students are denied learning opportunities because sometimes the assistants or the teachers themselves... have to cover these hours without having any material for that subject. For example, if the mathematics teacher is ill, the history teacher has to go and supervise the students but of course he cannot teach mathematics, so lots of lessons are missed. Secondly, it causes timetabling difficulties because sometimes we prefer to release the students before finishing time. Here we have lessons until 4.30 pm but if the absentee teacher has the last class, students can leave school early. A lot of parents complain about this, understandably since they are paying for their child's education."* (School principal)

The unidimensional structure of this individualized incentive does not simply relate to lessons being taught by teachers qualified to do so. The principal bolstered his argument with reference to parental opinion and the idea that school fees should reflect value for money. This incentive is therefore also based on financial and customer-oriented motivations.

*“Actually, we created this economic incentive because the level of teacher absenteeism was so dramatic... some weeks there are between 4 and 6 teachers missing. Can you imagine how difficult it was for us to deal with this situation? So this incentive is about stopping teacher absenteeism.”* (Curriculum coordinator)

The structure of this incentive is clear. There is only one indicator: 100 % attendance. It is impossible for some teachers obtain this incentive. As the head of the subject department stated:

*“I also believe that this economic incentive is good for everyone. If you are always here you may get it, but it is too strict, so maybe it could be done in stages: teachers who have 100 % attendance get a particular sum of money, and then teachers who have 95 % – 99 % get a different amount, I don’t know but I think something like this would be less strict.”* (Head of subject department)

This incentive is control-oriented. The economic incentives are designed to manage teacher attendance. It is not compensatory; quite the opposite. It is about punishing bad habits. Teacher attendance is a fundamental *value*, and here it is monitored through the use of incentives.

#### **CASE E**

The *purpose* of this incentive is to improve student attendance. It is associated with the Chilean voucher system. If a school improves its student attendance percentage, it will receive a bigger budget to improve management plans. This incentive is similar to that in case A – it responds to a system externality (in this case the funding scheme) and reflects the growth principle.

*“We decided to target student attendance because it is crucial for us. If we have a higher monthly attendance percentage we receive more money from the state, and if we have more money we can do other things to improve our school in different areas... therefore, I see this as a positive circle because... for example... if the students are here they can learn more because a lot of teachers complain about the fact that some students are always “missing”... so they have to chase them up to respond to tests and activities. So for my teachers it means extra work, for example preparing different tests, activities, etc. Now... (with the incentive)... the teachers are more enthusiastic about encouraging students not to miss lessons.”* (School principal)

Structurally this is an individualized type of incentive and is awarded on a semester basis. It involves both teachers and students. The indicator is the average attendance percentage for each. No other indicators are included, such as performance or student behavior.

It is a response to an external pressure: the fact that the school budget varies depending on student attendance. However, the leadership team statements tended more towards a learning approach. This was expressed as follows:

*“For me it is essential that the students come to school because how can we foster learning if they are not present in class? So teachers are motivated to look for effective strategies to motivate students to come to our school”* (Curriculum coordinator)

In this case the incentive is directly linked to teacher engagement in communicating with students. It rewards teachers' additional efforts. It rewards the added *value* the teachers provide when they attempt to motivate students and to encourage them to participate in lessons.

## Discussion

The incentives are variously designed in relation to purpose, structure and value. On the theoretical level some target teachers, while others concentrate on student learning outcomes based on standardized tests, student attendance and teaching staff work discipline. Although economic incentive policies should include an analysis of the impact on learning outcomes (Atkinson et al 2009; Dixit 2002; Glewwe et al. 2010; Lavy 2009), this was not possible to observe in the five cases analyzed.

The type of incentive may reflect school management attempts to respond to problems generated within their own institution. For example, in case B the incentive is the “starting point” for the intended organizational changes. In case A, they are seen as a way of preventing stagnation and of encouraging continual growth. In cases C, D and E the incentives appear to be more formalized, and to constitute a response to a particular problem affecting school organizations. Whereas E is an example of a response to a system externality – the Chilean school funding system.

Incentive type A appears to require legitimation from teachers who, because of the nature of their specialization, are not entitled to this type of incentive. Incentive type B is associated with the need for collective bargaining and the waiving of stable criteria on the part of the school leadership. While the strongest component in incentive type A is teaching test subjects and student learning outcomes, type B is about creating a consensus on core teacher professionalism, and incentive type C focuses on strong links or loyalty to the organization. In contrast, incentive types D and E relate more to systemic problems, such as student attendance and teacher absenteeism.

Therefore the type of incentive differs not just in structure but also in purpose. (Johnson – Papay 2009) It may be used for very short-term aims and be a response to a particular situation, or it could be about fulfilling long-term strategic visions. In the Chilean case, SIMCE teacher entitlement to incentives

is explained partly by increased pressure to achieve success and partly by their importance for accumulating resources (both financial and symbolic) for the whole school. Ultimately, then, even teachers who do not teach these subjects benefit from them. One can expect a similar cumulative effect to apply to incentive type E as well.

Economic incentives tend to financially compensate teachers for their efforts and the pressures they are under. (Acuña 2015; Vegas 2005) Nonetheless, we did not find evidence that leadership teams were concerned with the effects and impact on school climate or teacher relationships as indirect consequences of the incentive plan. Monitoring and self-evaluation of implementation are areas that school leadership teams must consider.

The design of the incentive policies indicates it is envisaged that the teams will make collaborative-consultative type decisions. This implies that decisions are taken collaboratively within the leadership team and that ideas are consulted and raised within this team. However, in all five cases the incentives were designed (or approved) by the leadership team only. The teachers were not fully included in the decision process. The challenge then is to ensure that teachers are meaningfully involved in the design and decision processes. Teachers should be able to make use of discussion opportunities and to raise critical points about the incentive plans and the impact they may have on their practices. The design and decision processes should take account of the teaching perspective to enable the drafting of a plan that is meaningful and based on experience, and that is pertinent and has significance for the teachers.

## **Conclusions**

The purpose of this article was to describe economic incentive policies in seven Chilean private subsidized schools. This research explores an area that has not yet been sufficiently investigated and introduces new research topics for future studies. One such area is evaluating the impact of teacher economic incentives on schools.

The first finding from our survey of the five cases is that the schools cannot be said to have systematized the effects of their economic incentive policies. We used a thematic analysis and this enabled us to identify the purpose, structure and values behind the economic incentives. We found no evidence that the personal, interpersonal or organizational effects of the economic incentives were measured. Therefore, the first recommendation for schools is that the incentive plan should be arrived at through a structured systematically thought-out design process, which is subjected to identification, analysis, systematization and evaluation.

Secondly, the schools tended to design their economic incentive policies using tools to formalize the processes. Again, the focus was on the administra-

tive processes rather than on pedagogical discussions of the potential impact of the economic incentives. The school principals and leadership teams should review the design of incentive plans to ensure there is a clear purpose to collating evidence on any changes in teachers' pedagogical practices and in student learning outcomes – the 'any' weakens the link.

Our qualitative research enabled us to pinpoint important factors relating to the use of economic incentives in the schools investigated. It provided us with an insight into the subjective perceptions of school principals and curriculum coordinators on the incentives. It revealed the strategies used to justify the introduction and implementation of the incentive scheme. This lends great importance to the knowledge garnered in Chile, and in the US, particularly for those in the EU, where the issue of economic incentives is only just beginning to receive attention.

When we compare the Chilean economic incentives with those used in the US, we find that only one of the incentives analyzed – incentive A – was based on pupil learning performance. However, in order to be eligible for this incentive, teachers had to belong to the group of teachers teaching test subjects. In the schemes using this type of incentive in Chile we noted substantial differences from those in some US states where the incentive schemes are based on specific student scores. Most of the incentives analyzed in Chile relate to characteristics such as teacher activities which may not have any impact on student performance. The incentives were primarily of organizational significance, either internally or externally. However, we should also point out that in the cases we analyzed, the incentives were individual rather than group-oriented and subject-based ones were observed in only one case. The analytical research conducted thus far on economic incentives indicates that group-based economic incentives aimed at small cohesive groups of teachers are successful. A typical Chilean example is incentive type E, which is a response to the national approach to school funding that is specific to Chile. This type of incentive is not commonly found in either the US or in Europe.

The limited discussion in the EU can primarily be attributed to the lack of coherence across education in Europe. For example, type A incentives could be used in countries that have national testing, which is generally not found in Europe to the degree that it is in Southern or Northern America. Many European countries, including Slovakia, are, however, beginning to implement this style of testing. In these countries, then, one can expect to see greater pressure for performance-based incentives to be introduced. (Woessmann 2011) This is especially true of the post-communist countries, which are gradually introducing national testing in selected areas and where there is intense debate on raising teacher's pay. Salaries in these countries are below the OECD average (OECD 2017) and their governments are unwilling to

introduce pay increases across the board. Specific economic incentives could well come across as being more financially astute and better targeted. (Rehúš – Toman 2015) However, in this case it is essential to have good knowledge of the complex interrelations associated with the use of that particular incentive. This is especially the case in countries where the bulk of the financial power is wielded by school principals, as it is in Slovakia. (Bartušová 2017)

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