



# Head teachers as CEOs?



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## Background

Effective leadership is said to be vital to the success of any organisation, so motivating good leadership practices should be a top priority. There is a wealth of economic literature relating the performance of private firms to the pay and leadership practices of CEOs, yet surprisingly, this has never been transposed onto the public sector. In England, the establishment of 'City Academies' and the lauding of 'Super Heads' for turning around failing schools has put increasing emphasis on leadership in education. Was Chris Woodhead, former chief of Ofsted, right to assert, "We don't need report after report on the theory of turning around failing schools. It isn't a matter of money; it's leadership first and foremost"? If so, what constitutes good leadership in schools and can it be encouraged through performance-related pay?

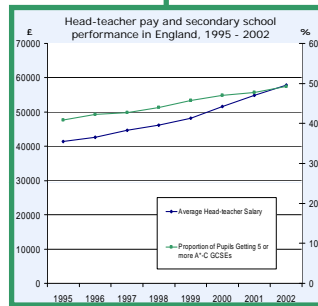


Figure 1

## What We Did

- Using pensions data from the DfES we built a picture of head-teachers, their career and pay, and matched them to schools between 1997 and 2002.
- We linked this to data from school performance tables to investigate the relationship between pay and performance for every primary and secondary school in England.
- We developed a survey instrument to elicit evidence of actual management practices and their impact, by designing an open-ended, non-leading questionnaire, which was used to interview head-teachers on setting targets and monitoring performance, and pay and performance incentives offered to teachers.
- This was tested on a sample set of 13 schools in Wales, ranking them on a scale from 1 to 5 for each of these practices.

Basic pay-performance regressions for secondary school head-teachers in England, 1995-2002

	Simple pay and performance		Allowing for school size		Within schools over time		Allowing for negative performance		Analysis of head effects for headteachers		
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(3)	(4)	(5)
Proportion Getting 5 or More A*-C GCSE Grades	.127 (.008)	.036 (.007)	.076 (.010)	.054 (.008)	.063 (.008)	.040 (.008)	.028 (.005)	.027 (.008)			
Log (Number of Pupils in School)		.222 (.004)		.147 (.015)		.147 (.015)		.144 (.008)		.144 (.008)	
Proportion Getting No GCSE Passes											-.015 (.011)
School Fixed Effects	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Head-teacher Fixed Effects	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-Squared	.469	.704	.308	.302	.302	.385	.367	.362			
Sample Size	25587	25587	25587	25587	25587	25587	25587	25587			

Figure 2

## Aims

We aimed to:

- discover whether there was a link between head-teacher pay and school performance (Figure 1), and thus, whether public service organisations are subject to the same sort of labour market as private sector organisations;
- develop an effective survey instrument to evaluate the impact of leadership practices on school performance, and discover:
  - if there was much variation in leadership practice across schools;
  - could leadership be ranked in a meaningful way, and, if so, was leadership correlated with school performance;
  - if there was a correlation, did these leadership practices have a causal impact on performance?

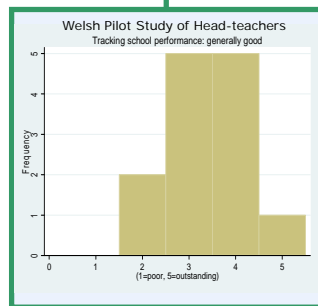


Figure 3

## Findings

- We found an active head-teacher labour market where pay was sensitive to school performance (Figure 2), contrary to much recent debate on pay and performance premised on a view that teachers were not subject to wage incentives.
- We found a link between levels of prior pupil achievement and turnover of head-teachers.
- Our pilot survey suggested that performance tracking and evaluation at the *school* level was generally strong, but substantially weaker at *teacher* level (Figures 3 and 4).
- Policies varied widely on the use of financial incentives to motivate staff. Rolling out our pilot survey would help quantify variation in practices across schools and test our hypothesis that practices are correlated with school performance.

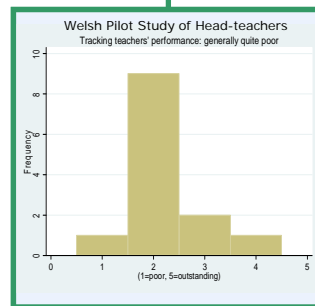


Figure 4

Find out more...



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