

Goal Setting versus Loss Aversion: What Motivates Students More?

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Abstract

Prior research along two parallel strands had found that goal setting and perfect score endowment – interpreted as loss aversion – are both individually effective motivators for student performance. To compare the motivating effect of these two behavioral interventions, students in a principles of finance course were randomly assigned to four groups: (i) a control group against which performance of three treatment groups would be compared, (ii) treatment group T1 that set goals for the final exam along with strategies to attain those goals, (iii) treatment group T2 that set goals for the final exam along with strategies to attain those goals; target scores were populated in the gradebook as “provisional” scores, to be replaced with actual scores after the final exam is graded, and (iv) treatment group T3 for whom perfect scores were “provisionally” populated in the Canvas gradebook, to be replaced with actual scores after the final exam is graded. None of these interventions involve an explicit cost, and the time involvement for the three behavioral interventions are only slightly different at the margin. Comparison of performance of the three treatment groups will provide insight into what motivates students more. The findings could have interesting implications regarding the most cost-effective way to motivate students.