

Rewarding higher marks with money doesn't make the grade

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(PhysOrg.com) -- Rewarding good grades with money has only a modest effect on students, says a new study conducted by researchers Tony Chambers (OISE) and Philip Oreopoulos (economics and U of T Mississauga) at the University of Toronto and counterparts at the Massachusetts Institute of Technology.

The study, commissioned by the Higher Education Quality Council of Ontario, aimed to learn more about the potential for financial rewards as motivation for improved [academic performance](#).

All first-year and second-year students on financial aid at the University of Toronto Scarborough were invited to participate. UTSC was chosen because the researchers had used UTM for part one of their study and wanted a campus with a similar commuter population.

Those selected by lottery into the study were given money for obtaining course grades above 70 per cent. They were also given free access to regular peer advising services to discuss academic matters as well as issues arising from campus life. For each one-semester course, students received \$100 for obtaining a grade average of 70 per cent, and \$20 for each percentage point above a grade of 70 per cent.

Before the study got underway, participants, on average, indicated that they expected the program to be somewhat helpful in improving their grades. Well over half of the participants said they were very concerned about having sufficient funds to complete their university degree.

The results show that the [financial incentives](#) had a modest positive effect on grades, and had very small positive effects in the subsequent year, after the financial offer ended. The authors note, however, that the effects were stronger for those participants who had a better understanding of how the [financial reward](#) program worked.

While the program was popular with participants and both sign-up rates and engagement were high, the modest impact on [student achievement](#) is consistent with other studies evaluating interventions of this type. The authors characterize financial incentives as “an expensive approach for trying to generate modest effects on retention and performance.” They acknowledge that different incentive schemes, such as offering larger amounts of money or rewarding improvement on grades that are lower than 70 per cent, might lead to stronger effects.

The authors suggest that ineffective study habits may be a barrier to academic achievement and that the real issue may be more a lack of academic preparation than a lack of effort or motivation. They note that the availability of peer advising does not appear to have helped extensively. They conclude that other potential avenues for improving performance, or alternative approaches to teaching, are needed at the high school and postsecondary levels.

Provided by University of Toronto

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