

Experimental Protocols: TREATMENTS TWO AND THREE

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1 Order of Experiment

1. *Pre-Session Questionnaire (completed before the participants arrive for the session)*
2. *Consent form*
3. *Task 1*
4. *Task 2*
5. *Post-Session Questionnaire*
6. *Payment*

2 Introduction

Good morning everyone. My name is ... and I am from the University of Cape Town. I have been given permission to carry out a research project involving all of you.

This research project is about understanding how individuals make decisions. From now on, please do not talk to anyone else in the room. If you have a question, please raise your hand and I will come to you. Please switch off your cellphones for the entire session. You are not allowed to use cellphones, calculators, tablets or any other device during the session.

In a few minutes, I will give each of you the opportunity to complete 2 decision-making tasks for money. The tasks are simple, and do not require any special skills or ability. The money being used today is part of a research grant that has been set aside specifically to carry out this research project.

All the decisions you make today will be made on the computer and kept private. There are no tricks in any of the tasks. Everything is exactly as it has been described to you.

2.1 Payment

The amount of money you earn today will depend on the decisions that you and others make during the tasks. Each of you will receive R20 as a partici-

pation fee. Simply for showing up on time today, this R20 is already yours. Today, you will each have the chance to do 2 different tasks. In each task, you have the chance to earn real money which you can spend on whatever you want to. The amounts you make in each task will be called *Experimental Currency Tokens*. I will refer to the Experimental Currency Tokens as *tokens* for the rest of the session. These tokens will be converted into rands at the end of the session to calculate the amount of money that you have earned in this session. At the end of today's session, you will make real money between 45 and 275 rands. This includes the R20 you have been paid for simply arriving for the session. Please do not worry about the conversion rate of tokens into rands during the session, it will all be done for you when the session is complete.

Please put up your hand if you have any questions.

2.2 Consent Form

You should have a piece of paper in front of you. This is your consent form. The consent form says that you are happy to participate in these tasks today, and that all your information will be kept confidential. It is important that you remember that your participation today is completely voluntary. If at any stage of the tasks you no longer want to participate, you may leave the room. If you choose not to stay and complete all the tasks today, you will not receive any money. There will be no other consequences following your decision to no longer participate. Please raise your hand if at any point in time during the session you wish to no longer participate. Please also make sure that you leave quietly.

The consent form must be filled in completely otherwise it cannot be considered valid.

I will pause now to give you a chance to read the consent form and fill in the details. Please raise your hand if you need assistance.

I will now collect all your consent forms. Please wait quietly as I do this.

Thank you. There are a total of 9 periods in today's session. Task 1 is in

period 1 and Task 2 is in periods 2 to 9. I will now describe the first task. The second task will only be described to you after everyone has completed the first task. Remember, the decisions you make in these tasks will be used to pay you *real* money which you can spend on whatever you like.

Please pay careful attention to the instructions that follow and only enter choices into the computer when you are instructed to do so. You must wait for me to tell you when to make each choice.

3 Task 1

3.1 Treatment Two or Three

There are two parts to the first task. For each part of task, the computer will randomly match each person here today with another person here as well. No one will be able to identify who they are matched with. All you will know is that one of you will be Person Orange and the other person will be Person Purple. You will be matched with the same person for the whole task. In each part, Part 1 and Part 2, of this first task, you will be asked to make a decision. The decisions made in each part of Task 1 will not affect the decisions made in the other part of the task. That is, the decisions made in Part 1 will not influence the outcome of the decisions made in Part 2. Similarly, the decisions made in Part 2 will not influence the outcome of the decisions made in Part 1.

After decisions have been made in Part 1 and Part 2, the computer will randomly decide if you are Person Orange or Person Purple. That means you will not know if you are Person Orange or Person Purple until the end of this first task. We will randomly decide which part of the task will be used to determine how much everyone earns. If Part 1 is chosen, then everyone here today will earn money for the decisions they made in Part 1. If Part 2 is chosen, then everyone here today will earn money for the decisions they made in Part 2. Whichever part is chosen, and whichever person you are, you will earn real money depending on the decisions you make. Since you do not

know what part will be chosen or which person you will be, it is important that you make each decision as though this is the choice that will be used to determine how much you earn in the task.

I will now describe the two parts of Task 1. I will start with the first part and then we will move on to the second task. In both parts of the task, you will either be Person Purple or Person Orange. If you are Person Orange then the person you have been randomly matched with will be Person Purple. If you are Person Purple then the Person you have been randomly matched with will be Person Orange. Please listen to the following instructions carefully.

3.1.1 Part 1

In Part 1, Person Purple and Person Orange both have two choices. The one choice is to *push* and the other choice is to *pull*. Person Purple and Person Orange both know that they have the same choices. In Part 1, Person Purple and Person Orange must decide if they want to choose *push* or *pull*.

If you push and the other person pulls, you will earn 10 tokens and the other person will earn 40 tokens. If you pull and the other person pushes, you will earn 40 tokens and the other person will earn 10 tokens. If you both decide to push, you will both earn 30 tokens each. If you both decide to pull, you will both earn 15 tokens. For example, if Person Purple decides to push and Person Orange decides to pull, Person Purple will earn 10 tokens and Person Orange will earn 40 tokens.

Please raise your hand if any if anything I have just explained is not clear to you.

Your computer screens will look as exactly like the pictures on the slide. On the top left hand corner of the screen, you will be able to see which of the nine rounds of the session you are currently on. Task 1 will be Round 1. In the middle of the screen you will see the words “Please make your push or pull decision for Part 1 of Period 1”. Next to this, you will see two options; pull or push. Once you have decided if you want to push or pull, you must click on the option that reflects your choice. If you choose to pull, you must

select pull and if you choose to push, you must select push. If you decided to change your choice after you have clicked on push or pull, then simply click on your new choice and your old choice will automatically be deselected.

Remember that if you push and the other person pulls, you will earn 10 tokens and the other person will earn 40 tokens. If you pull and the other person pushes, you will earn 40 tokens and they will earn 10 tokens. If you both push, then you will both earn 30 tokens each and if you both pull, then you will both earn 15 tokens each. This means that, if you want to pull, then type the number 1 into the white block.

After you have made your decision, please press the “OK” button. It is important to remember that you cannot change the decision you have made after you click on the “OK” button. Please make sure the decision you make is final before clicking “OK”. After you have clicked “OK”, your screen will change to a grey screen with the words “Please wait for the session to continue” in the middle of the screen. This means that you have made your decision for Part 1 and we will continue to Part 2 after everyone in the session has made their decision too. Please wait quietly and do not look around while we wait for other participants to make their decisions.

Please raise your hand if any of these instructions are not clear to you.

Please make your decision, to either push or pull, now and click “OK” when you are sure it is your final choice.

3.1.2 Part 2

I will now describe Part 2. In this task, Person Purple and Person Orange make different choices. In Part 2, Person Orange can choose to *push* or to *pull*. Person Purple can only choose to *push*. Person Purple and Person Orange both know the choices they both have. Since Person Purple can only choose to *push*, the outcome of the decisions is determined by the decision Person Orange makes. If Person Orange chooses to *pull*, Person Orange will earn 40 tokens and Person Purple will earn 10 tokens. If Person Orange chooses to *push*, Person Orange and Person Purple will each earn 30 tokens.

In this part, you must choose to push or pull as if you are Person Orange. This does not mean you will be Person Orange. The computer will decide if you are Person Orange or Person Purple only at the end of the task. Remember that the computer will also randomly decide which part of the task will be used to determine how much everyone earns. If the computer chooses Part 2 and it chooses you as Person Orange, then the decision you make in this part will be the one used to determine how much both you and Person Purple will earn. If the computer chooses Part 2 and it chooses you as Person Purple, then the decision Person Orange makes in this part be used to determine how much both you and Person Orange earn. This means that whomever is chosen as Person Orange determines how much is earned in this part and only their choice will be considered.

Remember, whichever part is chosen, and whichever person you are, you will earn real money depending on the decisions you make so please make the decision carefully as they will be used to determine how much you earn.

Please raise your hand if anything I have just described is unclear to you.

On your screens, you will see the words “Please make your push or pull decision for Part 2 of Period 1 as if you are Person Orange”. Next to these words you will again see the push or pull options. You must select the option that reflects your choice. If you change your mind, simply select your new choice and the old one will automatically be deselected.

Remember that if you push, you and the person you have been matched with will both earn 30 tokens. If you pull, you will earn 40 tokens and they will earn 10 tokens.

After you have made your decision, please press the “OK” button. It is important to remember that you cannot change the decision you make after you click on the “OK” button. Please make sure the decision you make is final before clicking “OK”. After you have clicked okay, your screen will change to a grey screen with the words; “Please wait for the session to continue” in the middle of the screen. This means that you have made your decision for Part 2 and we will continue with the session after everyone has made their

decision too. Please wait quietly and do not look around while we wait for other participants to make their decisions.

Please raise your hand if any of these instructions are not clear to you.

Please make your decision, to either push or pull, now and click “OK” when you are sure it is your final choice.

3.1.3 Person and Part Determination

For the final stage of Task 1, I will randomly decide which part of the task will be used and whether you are Person Purple or Person Orange. When the computer has made this decision, you will see the part of Task 1 that will be used to determine payments, the person you have chosen to be, the number of tokens you have earned from the chosen part of Task 1 and the number of tokens your partner has earned from the chosen part of Task 1.

If Part 1 is chosen, your screens will show how many tokens you have earned in this task as well as how many tokens the person you have been randomly matched with has earned. The screen will also show the push or pull decisions you and your partner made in Part 1. In the example here, you chose to push and your partner chose to pull so you earn 10 tokens and your partner earns 40 tokens.

If Part 2 is chosen, the computer will display the choices you and your partner made in Part 2 as well as the income you and your partner earned in Part 2. If you are Person Purple, the screen will show the words “Your forced choice”. Your forced choice will always be push since as Person Purple you are forced to choose push regardless of the decision you made during the task. This forced choice and the push or pull decision of your partner, Person Orange, is what determines how much you and Person Orange earn for the task. In this example, you chose to pull and your partner chose to push but because you are Person Purple, you are forced to push you will earn 30 tokens and your partner, Person Orange, earns 30 tokens.

If you are Person Orange and Part 2 is chosen, you will see the words “Partner’s forced choice”. This will always be a push decision regardless of what

your partner, Person Purple, chose to do. Your choice and your partner's forced choice will be used to determine earnings for this task. In this example, you chose to pull and your partner also chose to pull. Because you are Person Orange, your pull choice will be used and because your partner is Person Purple, their pull choice will be replaced with a push choice. So you will earn 40 tokens and your partner, Person Purple, will earn 10 tokens.

The computer will now randomly decide which part of Task 1 will determine how much everyone has earned. Please remember that you cannot make any hand movements or noises at any point during the session. This is important to make sure that everyone's decisions and outcome remain confidential.

The computer has chosen Part

The computer will now randomly determine whether you are Person Orange or Person Purple. On your screen, you can also now see how much you and the person you have been matched with earned from Part

Your earnings from this task will be kept safe and paid out to you at the end of session. We will now move on to the second task of the session. You will begin Task 2 with the same number of tokens you have earned in Task 1 but this will not affect the number of tokens you have earned in this Task. That means that you will start Task 2 with the number of tokens you earned in Part . . . and whatever you earn in Task 2 will be added to your earnings from Task 1 to calculate your total earnings for the session.

For the rest of the session, your earnings from Task 1 will be called *endowments*.

4 Task 2

In this task, you will be randomly matched into a group of 4 people including you. All 4 people are participating in this session as well. You will *not* be in the same group as the person you were randomly matched with at the beginning of the session. That, is you will not have interacted with the people in your group in Task 1. Each of the four people in the group has as a starting

endowment which may or may not be the same amount as the other group member's endowments. You will be able to see everyone's endowment in your group but you will not be able to tell who each person is. All you will know is how many tokens each person in your group has as their endowment.

In this task, you and everyone else in your group must choose how much of their endowment to allocate between two accounts. The one account is called *Account A* and the other account is called *Account B*.

You can allocate any number of tokens you want between the two accounts. The number of tokens you allocate to each account must be a whole number and cannot be a fraction. That is, you can allocate tokens in multiples of 1. However, you cannot allocate more tokens than you have as an endowment. So if you have an endowment of 15 tokens, you can allocate anything from 0 tokens to 15 tokens to either Account A or Account B. The total number of tokens in Account A plus the total number of tokens in Account B cannot be greater than 15 tokens. Similarly, you can never have negative tokens in either account.

The tokens allocated to Account A will remain yours. The tokens allocated to Account B will be combined with all the tokens allocated to Account B by everyone in your group. That is, the total number of tokens in Account B will be the sum of the tokens each person in your group decides to allocate to Account B. I will then take the total number of tokens in Account B, double the total, and then divide it equally among the 4 people in your group. That means that each person in your group will earn the exact same number of tokens from Account B. You will receive tokens back from Account B regardless of whether you put tokens into Account B or not.

This task will last 8 rounds. The decision you must make will be exactly the same in all 8 rounds and the total number of tokens you earn from each round will be calculated in exactly the same way. You will start each round with the exact same endowment. This endowment will be the endowment you started Task 2 with. So if you have an endowment of 20 tokens in Round 1, your earnings from Round 1 will be kept safe and you will begin Round 2 with 20

tokens as well. Again, everything you earn in Round 2 will be kept safe and added to everything you earned in Round 1. You will then begin Round 3 with an endowment of 20 tokens, just like you did in Round 1 and Round 2. This applies to all 8 rounds. To determine the total amount of money you earn in this session, I will add your earnings from each round together and then convert them into rands.

I will now use two examples to make sure everyone understands these instructions. In both examples, every person in your group has an endowment of 20 tokens.

At the beginning of each round, on the top left hand corner of your screen, you will see the round you are in. In the center of the screen is a list of everyone's endowments in your group. The list of endowments will be exactly the same in every round of the task. You will see a white box next to the words "Your allocation to Account B". This white box is where you will enter the number of tokens you want to allocate to Account B.

In example 1, everyone in your group decides to allocate all 20 tokens of their endowment to Account B. There will therefore be a total of 80 tokens in Account B. I will then double this total of 80 tokens so that Account B will then have 160 tokens in it. I will then distribute all 160 tokens in Account B equally among all 4 people in your group. Each person in the group will therefore get 40 tokens back from Account B. Each person in the group will therefore have a final earnings of 40 tokens from the 40 tokens they receive from Account B plus the 0 tokens they have in Account A.

In example 2, everyone in your group decides to allocate all 0 tokens of their endowment to Account B. There will therefore be a total of 0 tokens in Account B. I will then double this total of 0 tokens so that Account B will then have 0 tokens in it. I will then distribute the 0 tokens in Account B equally among all 4 people in your group. Each person in the group will therefore get 0 tokens back from Account B. Each person in the group will therefore have a final earnings of 20 tokens from the 0 tokens they receive from Account B plus the 20 tokens they have in Account A.

Please raise your hand if you do not understand these instructions.

We will only move on from each round once all participants have made their final decisions in that round. Between rounds, after you have made your decision, you will see a screen with the words “Please wait for the session to continue”. Please wait silently after you make each decision in each round.

We have now completed the second task of the session.

5 Post-Session Questionnaire

The final part of the session is a questionnaire. This questionnaire has no impact on the money you have earned during the session. That is, you will not be rewarded or penalised in anyway for the answers you give in the questionnaire. Just like everything else in this session, your answers will remain anonymous and confidential. Although the questionnaire does not have any monetary or other consequences, you must answer all the questions otherwise you will not be paid for participating today.

I will now hand-out the questionnaires. Please remain silent while I do this.

We have now come to the end of the session. Thank you for your participation. I will now explain to you how I am going to convert this your Experimental Currency Tokens to rands. Every 1 token is equal to 0.5 cents. Therefore, we will divide the number of tokens you have earned today by 2 to calculate how much you will be paid in rands. I will come around to each of you one-by-one to give you the voucher you will use to collect the money you have earned. To redeem the voucher, you must go to the Fess Office in Kramer within the next two weeks. After two weeks, the voucher will expire.