

Experimental Protocols:  
TREATMENT ONE

May 25, 2018

# 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.

## 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 choose 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.

1. *Wait for the participants to fill in the forms.*

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

1. Collect the forms.

There are a total of 8 periods in today's session. I will now describe the task. Remember, the decisions you make in the task 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 Treatment One

### 3.1 Task 1

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. Each of the four people in the group has been randomly allocated 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 people in your group have a certain number of tokens. You will know how many people have an endowment of 40 tokens, how many people have an endowment of 30 tokens, how many people have an endowment of 15 tokens and how many people have an endowment of 10 tokens. This number will include your endowment. If everyone in your group has 40 tokens, then the number of people with 40 tokens will be 4.

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 your endowment of 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 regardless of how much each person has contributed. Similarly, 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 from Round 1 to Round 8. 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 number of tokens you are randomly allocated at the beginning of the task. So if you have an endowment of 30 tokens in Round 1, your earnings from Round 1 will be kept safe and you will begin Round 2 with 30 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 30 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 task, 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. In example 1, 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 and 20 tokens in everyone's Account A. I will then double the

total of 0 tokens in Account B therefore Account B will 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. These earnings will be from the 0 tokens you receive from Account B plus the 20 tokens you have in Account A.

In example 2, everyone in your group again has an endowment of 20 tokens. Everyone decides to allocate all 20 tokens of their endowment to Account B. There will therefore be a total of 80 tokens in Account B and 0 tokens in everyone's Account A. I will then double the total of 80 tokens in Account B therefore Account B will 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. These earnings will be from the 40 tokens you receive from Account B plus the 0 tokens you have in Account A.

Remember that these are just examples. When you participate in the task, people in your group will not necessarily have the same endowment and each person can allocate different number of tokens to Account B. However, income from Account B will be the same for every person regardless of how many tokens you have allocated to Account B. You can allocate any whole number of tokens to Account B between zero and your endowment.

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 how many people have each possible number of tokens as an endowment. That is, how many people in your group, have 40 tokens, 30 tokens, 15 tokens and 10 tokens. These numbers will be exactly the same in every round of the task since you will be in the same group for all 8 rounds. However, the number of people with each possible number of tokens as an endowment will be different between some groups.

You will see a purple box next to the words "Please enter the number of tokens

you are allocating to Account B”. This purple box is where you will enter the number of tokens you want to allocate to Account B. Once you have made your decision, click “OK” to move on to the next round. Once each round is complete, you will see the outcome of the round. You will be able to see the number of tokens you have in Account A, the number of tokens you have allocated to Account B, the total number of tokens allocated by everyone in your group including your allocation, the final number of tokens in Account B after the total number of allocate tokens to Account B has been doubled. You will also see your income from Account B which is the same number for everyone in your group. Finally, you will be able to see how many tokens you have earned in this period which will be the number of tokens you have in Account A plus the income you have received from Account B.

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. Once everyone has made their decisions for each round, you will automatically move to the next round until all 8 rounds of Task 2 are completely. That means there will be no further instructions for Task 2 so you must not wait for me to make announcements between rounds - you must simply move on to the next round and make your decisions.

Remember that these instructions, the people in your group and your endowment in each round will be exactly the same in every round. The only thing that will be different between the rounds is how many tokens you allocate to Account B and therefore how many tokens everyone in the group receives from Account B. Lastly, the person you were matched with in Task 1 will not be in your group for Task 2.

Please click “Begin” to start the task.

1. *Wait for participants to make their decisions.*

We have no completed the second task of the session.

## 4 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 confidential. 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 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.