

Experimental Instruction

This is an experiment in the economics of decision making. The instructions are simple, and if you follow them carefully and make good decisions, you might earn a considerable amount of money. In this experiment, we simulate a procedure to allocate participants to spaces. The procedure, payment rules, and participant allocation method are described below. Do not communicate with each other during the experiment. If you have questions at any point during the experiment, raise your hand and the experimenter will help you.

Procedure

There are 22 rounds in this experiment. The first 2 rounds are for practice and we will randomly pick a round from Round 3 to Round 22 and pay you with the payoff you earn in that round. In each round, you are matched into groups randomly and anonymously with other participants. Each group has X participants. The groups change every round.

In each round, X space slots are available. Each space slot is allocated to one participant.

Your payoff amount depends on the space slot you hold at the end of the experiment. Payoff amounts are outlined at the decision page in each round. The amounts reflect the desirability of the space & term combination to you.

For example, the space you see may be as follows.

The table is explained as follows.

Note that different participants might have different payoff tables. That is, payoff by space might be different for different participants.

During the experiment, each participant first completes the Decision Sheet by indicating space preference. An example of the Decision sheet is as follows. Note that you need to rank all the spaces & terms combination in order to indicate your preferences.

After all participants have completed their Decision Sheets, the computer collects the Sheets and starts the allocation process.

Once the allocations are determined, the computer informs each participant of their allocation space slot and respective payoff. The experiment then moves to the next round.

Allocation Method.

As is mentioned below, X spaces are available. For each space, a separate priority order of the participants is determined as follows..

Once the priorities are determined, space slots are allocated with the following algorithm.

An example:

We will go through a simple example to illustrate how the allocation method works.