Instructions

This is a study on economic decision making. The instructions are simple, and if you follow them carefully, you may earn a CONSIDERABLE AMOUNT OF MONEY which will be PAID TO YOU IN CASH at the end of the study.

This experiment consists of twenty search episodes.

**Search Episodes**

Each episode will consist of several periods. At the end of a period, there is a 95% chance that there will be another period and a 5% chance that the search episode will end. Therefore, you do not know how many periods will be in a search episode, but in any period you can expect there to be about 20 more periods.

You will begin each search episode not having a wage. During each period, there is a 50% chance that you could receive a wage offer. If an offer is received, it will be an integer between 1 and 100 (including 1 and 100), where all integers are equally likely to be the wage offer you receive. This means that if you receive an offer, there is a 1/100 = 1% chance it is 1, a 1/100 = 1% chance it is 2, a 1/100 = 1% chance it will be 3, and so on. Wages are denoted in Experimental Currency Units (ECUs).

At the beginning of a search episode, you will be asked to state the lowest wage offer that you are willing to accept. In each period, if you have not already accepted a wage, the computer will automatically accept any wage offer greater than or equal to the lowest acceptable offer that you stated. This accepted wage offer will be your wage for the search episode. Please think carefully about your lowest wage offer because it will affect your payoff and you will not be able to change your answer during a search episode. If a wage offer is not received in a period or the offer received is lower than the lowest wage offer that you stated at the start of the search episode, then you will not accept a wage and you will move on to the next period if the search episode continues.

If a wage offer has been accepted before the search episode ends, you will earn that amount for the search episode and you will no longer receive wage offers. If the search episode ends and you have not accepted an offer, you will earn 20 ECUs for that search episode.

As reminder, you will go through 20 search episodes. The wage offers made in a search episode and the number of periods in a search episode are independent of what happens in the other search episodes.

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CHAT + TEAM TREATMENTS ONLY

**Chats**

At the beginning of the session, you will be paired with another participant, and you will be able to use a chat box in order to chat with each other before the beginning of each search episode about your approaches to the search environment. The person with whom you are paired WILL REMAIN THE SAME FOR THE ENTIRE SESSION. None of the other participants in the lab will be able to see the messages you and the person you are matched with send to each other. For the first five search episodes, you will have **60 seconds** to chat. Beginning with search episode 6, you will have **30 seconds** to chat. There are only two restrictions on messages: you may not post messages which identify yourself (e.g., age, gender, location etc.), and you may not use offensive language.

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TEAM TREATMENT ONLY

You and the person you have been paired with will equally share your earnings with each other. At the end of the search episode, your earnings for the episode will be added to the earnings of the other person and you will each receive half of that total.

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After all 20 search episodes you will complete a questionnaire, parts of which you will be paid for. The questionnaire and how much you will paid for it do not depend in any way on what happens in the search episodes.

At the end of today’s session you will receive your earnings from one randomly selected search episode plus your earnings from part of the questionnaire. The exchange rate between dollars and ECUs is $1=XX ECUs. In addition, you will receive the $5 you were guaranteed for registering to be in this study.

Are there any questions?

Comprehension Questions

Each search episode will last 20 periods. True or False

False: The number of periods in a search episode is determined randomly.

A wage offer will be made every period. True or False

False: There is a 50% chance that a wage offer will be made in any period.

You will be paid for one randomly selected search episode. True or False

True: Only one of the 20 search episodes will be used to determine your payment.

If you receive a wage offer that is above the lowest wage you state, then your wage will equal the lowest wage amount you stated. True or False

False: Your wage will equal to the wage offer as long as that wage offer is at least as large as the lowest wage offer you stated.