

Control Questions

Answer the following questions before you can proceed with the experiment.

1. What are you supposed to do in this experiment?
- ☐

Work on a task for 10 minutes.
- ☒

Select a bonus rate for a person who will work on a task.
- ☐

Select a bonus rate and a reward decision for a person who will work on a task.
- ☐

Select a bonus rate and work on a task.

2. What is the lowest bonus rate that you can select for other participant (in cents)?

0

3. What is the maximum bonus rate that you can select for other participant (in cents)?

10

4. Higher points in a task lead to higher bonus payment for both participants for a given bonus rates.

True

▼

5. Higher bonus rate for one participant means lower bonus rate for another.

True

▼

For following questions feel free to use the bonus calculator

Bonus Calculator

Bonus rate for other participant (per 100 points scored)	\$ <div>Select here ▼</div>
Your bonus rate (per 100 points scored)	\$ <div>Change bonus rate for ot</div>
Points Scored by the other participant	Enter numeric value here
Your Bonus Amount	\$Enter points scored to se
Other participant's Bonus Amount	\$Enter points scored to se

6. Suppose you selected a bonus rate of "0 cents for every 100 points", the other participant scored 1500 points then;

What will be your's bonus amount (in dollars)?

1.5

What will be the other participant's bonus amount (in dollars)?

0

7. Suppose you selected a bonus rate of "6 cents for every 100 points", the other participant scored 2000 points then;

What will be your's bonus amount (in dollars)?

0.8

What will be the other participant's bonus amount (in dollars)?

1.2

Next

Instructions

Welcome to our economics experiment! Please read the following instructions very carefully.

Your task is to **select a bonus rate for another participant** who will work on a simple button-pressing task (details of button-pressing task are given below). Both you and the other participant will be paid 1 dollar just for participating in this study, you both can earn additional bonus amount depending upon the decisions in this experiment. The bonuses will be paid in 24 hours.

You will be paid a bonus of **10 cents for every 100 points scored by that other participant**. You can choose to **transfer part of these 10 cents to that participant** (in increments of 1 cent) which will serve as a bonus payment for him/her for every 100 points that he/she scores. The other participant will have 10 minutes to work on the task.

The other participant will not know anything about your identity and will only see the bonus rate selected by you before starting to work on the task.

To summarize, you will select a bonus rate for another participant, another participant will observe what you have chosen and will then work on a button pressing task for 10 minutes. Bonus payments will be determined once the other participant has finished working on the task.

Here are few examples of how bonuses for you and the other participant will be calculated.

Example 1: Suppose you choose 5 cents for the other participant and that participant score 2000 points in 10 minutes, then your bonus amount will be $(10-5) \times 2000 / 100 = 100$ cents=\$1 and the other participant’s bonus amount will be $5 \times 2000 / 100 = 100$ cents=\$1.

Example 2: Suppose you choose 0 cents for other participant and that participant scores 2000 points, then your bonus amount will be $(10-0) \times 2000 / 100 = 200$ cents=\$2 and the other participant’s bonus amount will be $0 \times 2000 / 100 = 0$ cent=\$0.

Example 3: Similarly, suppose you choose 10 cents for the other participant and that participant again score 2000 points, then your bonus amount will be $(10-10) \times 2000 / 100 = 0$ cents=\$0 and the other participant’s bonus amount will be $10 \times 2000 / 100 = 200$ cents=\$2.

Here is the calculator in which you can input different values for bonus rate, and expected points scored by the other participant to see the bonus amount for yourself and the other participant. Feel free to try different numbers and get the sense of how bonuses are determined.

Bonus Calculator

Bonus rate for other participant (per 100 points scored)	\$ <div>Select here ▾</div>
Your bonus rate (per 100 points scored)	\$ <div>Change bonus rate for ot</div>
Points Scored by the other participant	<div>Enter numeric value here</div>
Your Bonus Amount	\$ <div>Enter points scored to se</div>
Other participant's Bonus Amount	\$ <div>Enter points scored to se</div>

Make sure you understand the instructions before proceeding. The next screen will ask you questions to test your understanding of the experiment.

Description of Task: The object of the task is to alternately press the “a” and “b” buttons on the keyboard as quickly as possible for 10 minutes. Every time the other participant successfully presses the “a” and then the “b” button, he/she will receive a point. Note that points will only be rewarded when the other participant alternate button pushes: just pressing the “a” or the “b” button without alternating between the two will not result in points. Buttons must be pressed by hand only (key-bindings or automated button-pushing programs/scripts cannot be used) or the task will not be approved. The other participant is free to score as many points as he/she can.

Next