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)	$ Select here ▾
Your bonus rate (per 100 points scored)	$ Change bonus rate for ot
Points Scored by the other participant	Enter numeric value here
Reward Other Participant	Select ▾
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 and you decided NOT to reward the other participant 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 and you decided to reward the other participant then;

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

0.72

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

1.28

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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) and then **decide whether to reward the other participant** based on the number of points scored by him/her. 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.

Additionally, you may decide to give ten percent of your bonus payment to the other participant as a **reward** after he/she has finished working. The other participant will not know whether you have chosen to reward him/her until he/she has finished working on the task.

The other participant will see your picture and the bonus rate selected by you before starting to work on the task.

To summarize, you will select a bonus rate for another participant and decide whether to reward the other participant based on number of points scored by him/her, the other participant will only observe the bonus rate chosen by you before starting to work on a task for 10 minutes. Your decision to reward will be revealed to the other participant after he/she has finished working on the task. 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)×2000/100=100 cents = $1 and the other participant's bonus amount will be 5×2000/100=100 cents = $1. You will have an option to reward $0.1 (10 percent of your bonus amount) to the other participant, that will make your final bonus amount to be $0.9 while other participant's bonus amount will be $1.1.

Example 2: Suppose you choose 0 cents for other participant and that participant scores 2000 points, then your bonus amount will be (10-0)×2000/100=200 cents = $2 and the other participant's bonus amount will be 0×1000/100=0 cents = $0. You will have an option to reward $0.2 (10 percent of your bonus amount) to the other participant, that will make your final bonus amount to be $1.8 while other participant bonus amount will be $0.2.

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)×2000/100=0 cents = $0 and the other participant's bonus amount will be 10×2000/100=200 cents = $2. You cannot reward any amount in this case because your bonus amount is zero.

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

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.

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