**Name your job posting:** Participate in an Experiment

**Describe the work to be done:**

We need people to participate in an experiment for an economics research project. The task involves making economic decisions in a strategic environment.

This experiment is approved by the Institutional Review Board at Iowa State University. Your decision to apply for this project will be construed as your consent to participate in the experiment. If you decide to participate in this experiment you should know that researchers of the project will use non-identifiable information from your upwork profile to do the analysis, along with the decisions that you make in experiment. It is assured that the confidentiality of your profile data along with the choices that you make in an experiment will be strictly maintained.

In this experiment you will be randomly matched with another participant. You will be paid 3 dollars for participating in this experiment. On top of that you may earn anywhere from zero dollars to 10 dollars based on the choices/decisions that you and other participants make during the experiment.

There are no specific skills required for this project.

**Research Plan:**

We will follow the following steps to execute the experiment.

1. Job description (as outlined in Annex A) will be posted on [www.upwork.com](http://www.upwork.com).
2. Participants who consent to participating in the experiment (and meet the inclusion criteria) will be hired and they will be sent the link to the experiment. Then the experiment will proceed as follows;
   1. Upon clicking a link, participant will be randomly assigned to one of the treatments.
   2. Based on the treatment, the instructions will be as given in Annex C.
   3. After the instructions, participants will answer some questions to test their understanding of the experiment. These questions are given in Annex D.
   4. After the control questions, 10 periods will repeat as explained in the instructions to participants. The information that the participant will see during the experiment (for two treatments) is given in Annex E and Annex F.
   5. Finally, participants earnings will be determined based on their earnings in one of the randomly selected period plus 3 dollars participation fee.
   6. Payments to the subjects will be paid using upwork’s payment system.

**Instructions for All Treatments**

This experiment is part of the research project conducted by Iowa State University. It is used to analyze decision behavior in markets. The instructions are simple and if you read them carefully and make appropriate decisions, you can earn money ranging from zero to 10 dollars (on top of 3 dollars participation fee). Your earnings will be calculated in points which will be converted to dollars at the end of experiment at the following rate.

**1 point = 10 cents**

In this whole experiment consider yourself as a worker who is working for an employer. These employers are real people (like yourself) who are assigned the “role of employer” by the experimenters. As part of this experiment you will be randomly matched with the employer. That employer will select a wage for you and you will chose effort level. Effort is costly to you but profitable to your employer. Throughout this experiment, your randomly matched employer will not know your identity.

The experiment will consist of 10 periods. In each period you will be matched with a new employer. Each period will consist of two stages. In the first stage your employer will select a wage. In the second stage you (worker) will see the wage and choose the effort level. Both wage rate and effort level will affect yours and your employer’s earnings. Your earning from a period will be as follows;

Worker Earning = Wage – 26 – Effort Cost

Your employer earning will be as follows;

Employer Earning = (126 – Wage) x Effort

Putting more effort is costly to you but it benefits your employer. Your cost for each allowed level of efforts is as follows;

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Effort | 0.1 | 0.2 | 0.3 | 0.4 | 0.5 | 0.6 | 0.7 | 0.8 | 0.9 | 1 |
| Effort Cost | 0 | 1 | 2 | 4 | 6 | 8 | 10 | 12 | 15 | 18 |

Your employer can offer you any wage between 30 and 125 (in increments of 5).

For example, if your employer selected the **wage offer of 50** and you chose **effort level of 0.5**, your and your employer’s earnings will be as follows;

Worker Earning = (50 – 26 – 6) = 20

Employer Earnings = (126 – 50) x 0.5 = 38

Throughout the experiment you will have access to on-screen calculator in which you can input different values for effort and see your earnings and your employers’ earning for that period before submitting your effort choice. As already mentioned there will be 10 periods in this experiment, which means you will make an effort choice 10 times (for 10 different employers). At the end of this experiment, one of the 10 periods will be randomly chosen by the computer and you and your employer’s final earnings will be what you and your employer earned in that chosen period. It is in your interest to do your best in each period.

Make sure you understand the instructions before proceeding. The next screen will ask you questions related to some arbitrary examples of what could happen in the experiment.

**Control Questions:**

1. What is your role in the experiment?
   1. Worker
   2. Employer
2. How many periods are there in this experiment? \_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Assume that in one of the periods your randomly matched employer selected a wage of 30, and you chose the effort level of 0.1.

What will be your earnings? \_\_\_\_\_\_\_\_\_

What will be your employer’s earnings? \_\_\_\_\_\_\_\_\_\_\_\_\_

1. Assume that in one of the periods your randomly matched employer selected a wage of 30, and you chose the effort level of 0.5.

What will be your earnings? \_\_\_\_\_\_\_\_\_

What will be your employer’s earnings? \_\_\_\_\_\_\_\_\_\_\_\_\_

1. Assume that in one of the periods your randomly matched employer selected a wage of 30, and you chose the effort level of 1.

What will be your earnings? \_\_\_\_\_\_\_\_\_

What will be your employer’s earnings? \_\_\_\_\_\_\_\_\_\_\_\_\_

1. Assume that in one of the periods your randomly matched employer selected a wage of 125, and you chose the effort level of 0.1.

What will be your earnings? \_\_\_\_\_\_\_\_\_

What will be your employer’s earnings? \_\_\_\_\_\_\_\_\_\_\_\_\_

1. Assume that in one of the periods your randomly matched employer selected a wage of 125, and you chose the effort level of 0.5.

What will be your earnings? \_\_\_\_\_\_\_\_\_

What will be your employer’s earnings? \_\_\_\_\_\_\_\_\_\_\_\_\_

1. Assume that in one of the periods your randomly matched employer selected a wage of 125, and you chose the effort level of 1.

What will be your earnings? \_\_\_\_\_\_\_\_\_

What will be your employer’s earnings? \_\_\_\_\_\_\_\_\_\_\_\_\_

**Layout of Interface (Baseline Treatment)**

In this period, you are matched with the following employer. Before you can see the actual wage selected by the employer, you need to make a guess of the selected wage. If your guess is exactly right, you will get 5 extra points. If it deviates by 5 points you will get 3 extra points. If it deviates by 10 points you will get 1 extra point. If it deviates by more than 10, you won’t get any extra points.

|  |  |
| --- | --- |
| Employer ID: |  |
| Wage selected by the employer: | Submit your guess to view this. |
| Guessed Wage | Enter your guess here and click submit. |

Now select the effort level for the above employer.

|  |  |
| --- | --- |
| Effort Level | Input values between 0.1 and 1 in the increment of 0.1. |
| Your Earning | Pre-Calculated Field |
| Your Employer Earning | Pre-Calculated Field |
|  |  |
|  | Submit Effort Choice |

**Layout of Interface (Race Salient Treatment)**

In this period, you are matched with the following employer. Before you can see the actual wage selected by the employer, you need to make a guess of the selected wage. If your guess is exactly right, you will get 5 extra points. If it deviates by 5 points you will get 3 extra points. If it deviates by 10 points you will get 1 extra point. If it deviates by more than 10, you won’t get any extra points.

|  |  |  |
| --- | --- | --- |
| Employer ID: |  |  |
| Employer Name: |  |
| Wage selected by the employer: | Submit your guess to view this. |
| Guessed Wage | Enter your guess here and click submit. |

Now select the effort level for the above employer.

|  |  |
| --- | --- |
| Effort Level | Input values between 0.1 and 1 in the increment of 0.1. |
| Your Earning | Pre-Calculated Field |
| Your Employer Earning | Pre-Calculated Field |
|  |  |
|  | Submit Effort Choice |

**Debriefing**

Thank you for participating in the experiment. We will now explain the full purpose of the study that you just participated in. The experiment was designed to investigate whether economic agents in the market setting exhibit different degree of reciprocity to different employer’s type. We are investigating whether people respond with different effort levels to white employers versus the black employers. The answer to this question is important because it helps improve our understanding of the dynamics of job markets.

We will be analyzing the decisions that you made during the experiment to answer and analyze the above question. It was necessary to not tell you that this research is about difference in reciprocity towards employer’s types because research has found that telling people the purpose of a study tends to change behavior in one direction or the other. We wanted to avoid those confounds and see if differences in effort choices exhibit themselves without any priming. We are very thankful for your participation in this experiment and helping with the research.

We would also like to disclose that your employers in this experiment were not real people and you were in fact playing with the computer throughout the experiment. This was necessary because we wanted the wages from the employers to be completely random and hence only focus on the worker side of the market.

If you have any questions about your rights as a research participant, you are welcome to contact the Institutional Review Board (IRB) at Iowa State University by writing to [irb@iastate.edu](mailto:irb@iastate.edu).