

## Appendix D

Information provided at the negotiation phase of the laboratory experiment (Lab):

The screenshot displays a negotiation interface with the following elements:

- Progress bar: "Durchgang 1 von 6"
- Remaining time: "Verbleibende Zeit [sec]: 436"
- Assignment box:
  - Ihre Zuordnung: Gruppe 1, Firma B
  - Verfügbar gemeinsam mit: Arbeiter 1 = 460 Cent, Arbeiter 2 = 640 Cent
- Worker 1 interface:
  - Header: "Arbeiter 1"
  - Offer box: "Ihr Angebot:" with input "150"
  - Buttons: "Senden" and "Annehmen"
  - Table "bietet Ihnen":

bietet Ihnen
210 Cent
- Worker 2 interface:
  - Header: "Arbeiter 2"
  - Offer box: "Ihr Angebot:" (empty)
  - Buttons: "Senden" and "Annehmen"
  - Table "bietet Ihnen":

bietet Ihnen
300 Cent
- Status: "Momentaner Vertrag: **keiner**"

## Appendix E

Experiment Instructions (translated from the original German version):

Thank you for participating in this labor market experiment. The experiment will last about one and a half hours. The payment you will receive at the end depends on both the decisions you make as well as on your co-players' decisions. The following provides an overview of the experiment procedure. Please notify the experimenter if you have any questions.

Our experimental labor market consists of two workers and two firms. Workers can be hired by (matched with) firms. Matches are only possible between one worker and one firm. Every worker-firm match earns a certain joint profit. In order for a match to form, the worker and the firm must first agree on the distribution of their joint profit.

We begin with the random allocation of the eight participants to two markets with each market consisting of two workers and two firms. You will receive a sheet of paper (Lab: see your computer screen) indicating whether you are a worker or a firm, as well as information about the different joint profits (in euro-cents) you would earn in a match with one of the two potential partners from the other market side.

Negotiations begin after workers have chosen a firm to bargain with. After one worker has made his choice, the other worker is allowed to bargain only with the remaining firm. The players representing firms sit at tables and are approached by

the workers. Only one-on-one negotiations are permitted. The first phase of the negotiation ends when a worker leaves the firm's table, regardless of whether a provisional agreement has been reached. In the case that an agreement is reached, firms are obliged to record this in a protocol. If both firm players are sitting alone at their tables, new negotiations may begin. This may lead to the cancellation of provisional agreements and the formation of new ones. The negotiation round expires after 10 minutes, at which point all provisional agreements become binding.

(Lab: Workers can send suggestions to firms to form a match with a certain joint profit distribution, and firms can send suggestions to workers. However, if a worker and a firm reach a provisional agreement, they are not allowed to bargain further until the provisional agreement expires. After 10 minutes, the negotiation round expires.)

After the first round, five additional rounds of negotiations all consisting of different market groups and different individual role allocations will ensue. At the end of the experiment you will receive the sum of all the shares of joint profits you have agreed to during the six rounds of negotiations.