

# Instructions/Screenshots

## Instructions

This is an experiment in decision-making. Your decisions will result in a monetary payoff paid in cash at the end of the experiment. The payment is considered compensation for the time and effort you put into making your decisions. The experiment will last about 45 minutes.

During the experiment, we ask that you refrain from speaking with others. If you have any questions, please raise your hand and an experimenter will assist you.

You will be assigned to a group of 4. Since the assignment occurs over a computer network, you will not know which other people in the room have been assigned to the same group as you.

The experiment consists of 20 rounds of decision-making proceeding as follows:

1. In each round, you will receive an endowment of 10 lab dollars (LD). You must decide how much of your endowment of 10 LD to contribute to the “group account.” Your contribution must be a whole number between 0 and 10 (including 0 and 10).
2. You will also be asked to guess the average contribution of the other 3 people in your group. Your guess may include up to 1 digit after the decimal point.
3. The contributions of your 4 group members will be added up and multiplied by 0.5 to determine each person’s share of the group account.
4. You will be paid for the accuracy of your guess about the average contribution of the other 3 people in your group. If your guess is exactly correct, you will receive 2 LD. If the absolute difference between your guess and the actual amount is

greater than 1, you will receive nothing. If the absolute difference is between 0 and 1, you will receive 2 minus twice the absolute difference.

5. In each round, your payoff will be the sum of the part of your 10 LD endowment you keep for yourself, your share of the group account and the payment you earn for the accuracy of your guess about the average contribution of others. After viewing the information about your payoff, the next round will begin. Groups will be the same in every round.
6. At the end of the 20 rounds. The sum of your 20 payoffs will be converted to US dollars (USD) at a rate of 1 LD = 0.05 USD. This amount will be added to a show-up fee of 5 USD, determining your final earnings for the experiment.

You will be asked some demographic questions and also to provide some contact information. You will then be paid in a private manner.

Once everyone has had an opportunity to ask any questions, the experiment will begin.

### **Warm-Up Questions:**

1. Suppose each person in your group contributes 5 LD to the group account and the difference between your guess about the average contribution of others and the actual amount is 0.5. What will be your payoff in that round?
2. If you receive the above payoff in each of the 20 rounds, what will be your final earnings for the experiment?

Figure 1: Screenshot 1: Decision Screen

Period

1 of 20

Time Remaining [sec]: 47

Your endowment (in LD) is: 10

How much of your endowment would you like to contribute to the group account?

What do you think will be the average contribution of the other three people in your group?

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Figure 2: Screenshot 2: Feedback Screen

Period

1 of 20

Time Remaining [sec]: 46

The amount of your endowment you kept was:	5
The amount you contributed to the group account was:	5
Total contributions to the group account were:	20
Your share of the group account is:	10.0
The average contribution of the other three people in your group was:	5.0
Your guess was:	5.5
The payoff for your guess is:	1.0
Your payoff in this round (in LD) is:	16.0

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