Instructions

Welcome and thank you for agreeing to participate!!
<*Introduce yourself and your assistants*.>

Today's decision-making exercise will take no more than **2 hours** to complete. At the end of the exercise, you will be paid in cash. You have already earned **200 rubles** for agreeing to participate. That money is yours to keep. You will now be given an opportunity to earn more money.

Before I explain the instructions, we have a few simple rules:

- Please make sure you turn off all cell phones, pagers, etc. <*pause*>
- Please do not talk with any other participants during the exercise.
- If you have a question, please raise your hand.
- If you fail to follow these instructions, you will be asked to leave and forfeit any money earned.
- We hope that you are able to remain until the exercise ends. However, if you must leave before the exercise ends, you may keep the **200 rubles** for showing-up, but you will forfeit any additional money earned.

Any money you earn today and any decisions you make will be private. We will never tell anyone else in the exercise or outside of the exercise how much you've earned or what you decided in the exercise. In order to keep your information private please do not talk about your earnings or decisions with another participant.

You may have heard about this exercise from someone else. Although some parts may be similar to what other people have done, there may also be some differences. The instructions are very important as they explain the details of the exercise. Please pay careful attention to the instructions.

Frame: In today's exercise, each of you will be asked to decide how you want to allocate your time between work in an individual activity and work that you do with a group of people. For example, you can think of this as fishing, hunting, or collecting mushrooms and berries. Sometimes you do these activities on your own, and sometimes you do them with other people.

Rounds: You will be asked to make the same type of decisions many times in this exercise. You can think of these repeated decisions as days or weeks or months. For instance, you fish, hunt, or gather berries several times in one season. We call these repeated decisions "rounds." This exercise will last a total of **16** rounds, divided into two separate stages each with 8 rounds. Each of the 8 rounds in Stage 1 will have the same rules. We will then pause and I will announce new rules for Stage 2.

<start powerpoint>

Groups: The **10 (5)** participants in the room today will be divided into **2 (1)** groups of **5** people. This means you will be in a group with **4** other people. You will remain with this same group of people throughout the entire exercise. [The **2** groups are identified by the paper color: yellow and blue]. Look around the room and you can see the other people in your group. Your earnings today will depend upon both your decisions and those of the other **4** members of your group.

Endowment: Each round, you will start with **50** units of time or effort that you can allocate between the individual and the group activity. To keep things simple we will refer to these units of time as hours.

<next slide>

Activity Decision: Each round, you will decide how to allocate your **50** hours between an individual activity and a group activity. Each of the other **4**

members of your group also has an endowment of **50** hours to allocate. Everyone in the group will be making the same decisions about how to use their time.

Individual Activity: Any time you spend on the individual activity yields a return of **10** rubles per hour. <*next slide*> For instance, if you allocate **37** hours in the individual activity, your earnings from the individual activity are **370** rubles. <*next slide*> Say someone else allocates **15** hours, then his or her earnings from the individual activity are **150** rubles. Here are some more examples <*next slide, pause*>. Your earnings from the individual activity are not affected by the decisions of the other group members.

Group Activity: You can also spend time in the group activity. <*next slide*> Note that in this example, your total is 50 hours (37+13). The earnings you receive from the group activity depend not only on your decision, but also on the decisions of other group members. Earnings from the group activity are different than earnings from the individual activity. <*next slide*> All of the time allocated to the group activity by all group members will be combined. <*pause*, *point to overhead*>. <*next slide*> Each hour spent on the group activity is worth **20** rubles. Hours in the group activity are worth double the individual activity because people often get more done when working together.

<*next slide*> The total rubles from the group activity will be divided equally among all the group members regardless of the individual contributions. In this example, the 5 group members allocated a total of **125** hours to the group activity, so the group earned **2500** rubles (125 hours x 20 rubles/hour). The 2500 rubles will be divided equally among all 5 group members, so each person will receive **500 rubles** from the group activity. This is in addition to any earnings from the individual activity.

Total Earnings: <*next slide*> Your total earnings are the sum of the rubles from both the individual and the group activities. <*point to overhead*>. <*next slide*>

Payment: Only one of the **16** rounds that you complete will count for your final earnings. (Practice rounds will not count). To determine which round will count we will roll this 16-sided die. The number on the top of the die will determine the round for which you will be paid. For instance, if I roll a 5, then only round 5 will count for your earnings. Be sure to pay careful attention in every round because it could be the one that determines how much you will earn.

Activity Decision Card: Each of you has a stack of Activity Decision Cards, one card for each round. At the start of each round, use this card to record your decision about how you will allocate your **50** hours between the Individual and Group activities. You can allocate your time any way that you wish, but the total must add up to **50** hours. We will collect the Decision Cards and post the results on the screen.

Record Sheet: Use the Record Sheet to keep track of your decisions and earnings each round. When you submit your Activity Decision, also write your decision on the Record Sheet. We will explain the other columns on the Record Sheet shortly.

Player Letter: Note that on your Record Sheet and Activity Decision Cards, your ***letter*** changes each round. The information we display on the screen will be based on the ***letter***. Because your letter changes from round to round, it is impossible for you to know how another person has decided in the past. Likewise, it is impossible for anyone to track your decisions over time. For example, you could be Letter C in round 1, and Letter A in round 2.

Summary:

- You have to decide how to allocate **50** hours between the individual and the group activities.
- You will receive **10 rubles** for every hour in the individual activity.
- Hours allocated to the Group activity by each group member will be combined. The group will be paid **20 rubles** for each hour in the group activity. The group's money will be divided evenly regardless of how much time each person allocated to the group activity.
- At the end of each round, we will post all the results before proceeding to the next round.
- Are there any questions? <*pause*>

As a reminder:

- There will be a total of 16 rounds divided into two 8-round stages.
- One of these rounds will be selected to determine how much you will be paid today.

We will start with two practice rounds. These practice rounds will not count for your earnings.

Is everyone ready to begin the practice round? <*pause*>

And remember, now that we have started, please do not talk to anyone. If you have a question, please raise your hand.

T1: Stage 2 Instructions

Introduction: Stage 1 is now complete. We are now going to change the rules before we start Stage 2. There will be **8** rounds in Stage 2.

- As in Stage 1…
    - You will first make an activity decision about how to allocate your 50 hours between the individual and group activities.
    - You will be paid 10 rubles for each hour in the individual activity.
    - Hours in the group activity will be combined. The group will be paid 20 rubles for each hour. This money will be divided evenly among all group members.
    - After all of you have made your decisions, we will collect the Activity Decision Cards.

All of what I just described is exactly the same as what we just completed in Stage 1. Here's the new part…

After the results are posted, you will have a second decision to make.

Sharing: If you wish, you may share some of your earnings with other members of your group. You may share a different amount with each person. You may also decide to share nothing with some or all of the other group members. In each round, a total of **250 rubles** is the most you can share with all the other group members combined.

Example: For example, say you decide to share **160** rubles with player A, and **23** rubles with player D. Say you also decide not to share anything with players B and E. In this example, player A will receive **160** rubles from you, and player D will receive **23** rubles. A total of **183** rubles will be deducted from your earnings for that round.

Sharing Decision Card: Use the Sharing Decision Card to record how much you wish to share with each member of your group. We will then collect the cards and tabulate the results.

Summary:

- As in Stage 1, you will first make an activity decision about how to allocate your 50 hours between the individual and group activities.
- Information on decisions and earnings will be revealed on the screen.
- The new feature in this stage is that you will then be given an opportunity to share with the other members of your group.

Remember that only one round will be selected to count towards your total earnings. Be sure to pay careful attention in every round because it could be the one that determines how much you will earn.

Also remember that the player letter for each person changes from round to round, and that it is impossible for you to know what another person has decided in earlier rounds.

We will start with two practice rounds. These practice rounds will not count for your earnings.

Is everyone ready to begin the practice round? <*pause*>

And remember, now that we have started, please do not talk to anyone. If you have a question, please raise your hand.

T2: Stage 2 Instructions

Introduction: Stage 1 is now complete. We are now going to change the rules before we start Stage 2. There will be **8** rounds in Stage 2.

- As in Stage 1…
    - You will first make an activity decision about how to allocate your 50 hours between the individual and group activities.
    - You will be paid 10 rubles for each hour in the individual activity.
    - Hours in the group activity will be combined. The group will be paid 20 rubles for each hour. This money will be divided evenly among all group members.
    - After all of you have made your decisions, we will collect the Activity Decision Cards.

All of what I just described is exactly the same as what we just completed in Stage 1. Here's the new part…

After the results are posted, you will have a second decision to make.

Sharing: If you wish, you may share some of your earnings with other members of your group. You may share a different amount with each person. You may also decide to share nothing with some or all of the other group members. In each round, a total of **250 rubles** is the most you can share with all the other group members combined.

Example: For example, say you decide to share **160** rubles with player A, and **23** rubles with player D. Say you also decide not to share anything with players B and E. In this example, player A will receive **160** rubles from you, and player D will receive **23** rubles. A total of **183** rubles will be deducted from your earnings for that round.

Sharing Decision Card: Use the Sharing Decision Card to record how much you wish to share with each member of your group. We will then collect the cards and tabulate the results.

Stage 2 is also different from Stage 1 because…

Shock: In **each** of the next 8 rounds, one person in the group will lose all of his or her earnings from **both** the individual activity and the group activity. We refer to this bad outcome as a "shock." For example, you can think of a shock as not catching any fish, getting sick, or having all the food you've gathered spoil. Each person in the group is equally likely to receive a shock in each round. Each round, we will roll a 10-sided die like this *[show die]* to determine which player receives the shock in each round. The numbers on the die, 0-9, correspond with player letters A, B, C, D, E. If I roll a 0 or a 1, then player A is shocked. If I roll a 2 or 3, then player B is shocked, and so on. <*show powerpoint list of all outcomes*>.

The person shocked cannot share with others because all his or her rubles have been lost to misfortune. However, the player experiencing the shock can keep all of the rubles that the others share with him or her. Therefore, the only earnings that the shocked player receives are the rubles shared by other group members (in addition to the 200 rubles for participating).

Summary:

- As in Stage 1, you will first make an activity decision about how to allocate your 50 hours between the individual and group activities.
- Information on decisions and earnings will be revealed on the screen.
- There new features in this stage are:
    - You will then be given an opportunity to share with the other members of your group.

- After you have made your sharing decisions, one person from your group will receive a shock or bad outcome.

Remember that only one round will be selected to count towards your total earnings. Be sure to pay careful attention in every round because it could be the one that determines how much you will earn.

Also remember that the player letter for each person changes from round to round, and that it is impossible for you to know what another person has decided in earlier rounds.

We will start with two practice rounds. These practice rounds will not count for your earnings.

Is everyone ready to begin the practice round? <*pause*>

And remember, now that we have started, please do not talk to anyone. If you have a question, please raise your hand.

T3: Stage 2 Instructions

Introduction: Stage 1 is now complete. We are now going to change the rules before we start Stage 2. There will be **8** rounds in Stage 2.

- As in Stage 1…
    - You will first make an activity decision about how to allocate your 50 hours between the individual and group activities.
    - You will be paid 10 rubles for each hour in the individual activity.
    - Hours in the group activity will be combined. The group will be paid 20 rubles for each hour. This money will be divided evenly among all group members.
    - After all of you have made your decisions, we will collect the Activity Decision Cards.

All of what I just described is exactly the same as what we just completed in Stage 1. Here's the new part…

Unlike Stage 1, we will **not** post the results right away. Instead…

Shock: In **each** of the next 8 rounds, one person in the group will lose all of his or her earnings from **both** the individual activity and the group activity. We refer to this bad outcome as a "shock." For example, you can think of a shock as not catching any fish, getting sick, or having all the food you've gathered spoil. Each person in the group is equally likely to receive a shock in each round. Each round, we will roll a 10-sided die like this *[show die]* to determine which player receives the shock in each round. The numbers on the die, 0-9, correspond with player letters A, B, C, D, E. If I roll a 0 or a 1, then player A is shocked. If I roll a 2 or 3, then player B is shocked, and so on. <*show powerpoint list of all outcomes*>.

The results of the shock will be announced. Then, …

Sharing: If you wish, you may share some of your earnings with other members of your group. You may share a different amount with each person. You may also decide to share nothing with some or all of the other group members. In each round, a total of **250 rubles** is the most you can share with all the other group members combined.

Example: For example, say you decide to share **160** rubles with player A, and **23** rubles with player D. Say you also decide not to share anything with players B and E. In this example, player A will receive **160** rubles from you, and player D will receive **23** rubles. A total of **183** rubles will be deducted from your earnings for that round.

Sharing Decision Card: Use the Sharing Decision Card to record how much you wish to share with each member of your group. We will then collect the cards and tabulate the results.

The person shocked cannot share with others because all his or her rubles have been lost to misfortune. However, the player experiencing the shock can keep all of the rubles that the others share with him or her. Therefore, the only earnings that the shocked player receives are the rubles shared by other group members (in addition to the 200 rubles for participating).

After each of you has completed your sharing decisions, all results will be displayed, including activity decisions, shock and sharing decisions.

Summary:

- As in Stage 1, you will first make an activity decision about how to allocate your 50 hours between the individual and group activities.
- The new features in this stage are:

- Information on decisions and earnings will **not** be revealed on the screen right away.
- After you have made your activity decisions, one person from your group will receive a shock or bad outcome.
- After the shock, you will be given an opportunity to share with the other members of your group.
- Finally, all results will be displayed.

Remember that only one round will be selected to count towards your total earnings. Be sure to pay careful attention in every round because it could be the one that determines how much you will earn.

Also remember that the player letter for each person changes from round to round, and that it is impossible for you to know what another person has decided in earlier rounds.

We will start with two practice rounds. These practice rounds will <u>not</u> count for your earnings.

Is everyone ready to begin the practice round? <*pause*>

And remember, now that we have started, please do not talk to anyone. If you have a question, please raise your hand.

T4: Stage 2 Instructions

Introduction: Stage 1 is now complete. We are now going to change the rules before we start Stage 2. There will be **8** rounds in Stage 2.

- As in Stage 1…
    - You will first make an activity decision about how to allocate your 50 hours between the individual and group activities.
    - You will be paid 10 rubles for each hour in the individual activity.
    - Hours in the group activity will be combined. The group will be paid 20 rubles for each hour. This money will be divided evenly among all group members.
    - After all of you have made your decisions, we will collect the Activity Decision Cards.

All of what I just described is exactly the same as what we just completed in Stage 1. Here's the new part…

Unlike Stage 1, we will **not** post the results right away. Instead…

Shock: In **each** of the next 8 rounds, one person in the group will lose all of his or her earnings from **both** the individual activity and the group activity. We refer to this bad outcome as a "shock." For example, you can think of a shock as not catching any fish, getting sick, or having all the food you've gathered spoil. Each person in the group is equally likely to receive a shock in each round. Each round, we will roll a 10-sided die like this *[show die]* to determine which player receives the shock in each round. The numbers on the die, 0-9, correspond with player letters A, B, C, D, E. If I roll a 0 or a 1, then player A is shocked. If I roll a 2 or 3, then player B is shocked, and so on. <*show powerpoint list of all outcomes*>.

After we announce the shock, we will then display the activity decisions on the screen. Then…

Sharing: If you wish, you may share some of your earnings with other members of your group. You may share a different amount with each person. You may also decide to share nothing with some or all of the other group members. In each round, a total of **250 rubles** is the most you can share with all the other group members combined.

Example: For example, say you decide to share **160** rubles with player A, and **23** rubles with player D. Say you also decide not to share anything with players B and E. In this example, player A will receive **160** rubles from you, and player D will receive **23** rubles. A total of **183** rubles will be deducted from your earnings for that round.

Sharing Decision Card: Use the Sharing Decision Card to record how much you wish to share with each member of your group. We will then collect the cards and tabulate the results.

The person shocked cannot share with others because all his or her rubles have been lost to misfortune. However, the player experiencing the shock can keep all of the rubles that the others share with him or her. Therefore, the only earnings that the shocked player receives are the rubles shared by other group members (in addition to the 200 rubles for participating).

Summary:

- As in Stage 1, you will first make an activity decision about how to allocate your 50 hours between the individual and group activities.
- The new features in this stage are:

- Information on decisions and earnings will **not** be revealed on the screen right away.
- After you have made your activity decisions, one person from your group will receive a shock or bad outcome.
- After the shock, we will display the activity decisions.
- Then, you will be given an opportunity to share with the other members of your group.
- Finally, all results will be displayed.

Remember that only one round will be selected to count towards your total earnings. Be sure to pay careful attention in every round because it could be the one that determines how much you will earn.

Also remember that the player letter for each person changes from round to round, and that it is impossible for you to know what another person has decided in earlier rounds.

We will start with two practice rounds. These practice rounds will <u>not</u> count for your earnings.

Is everyone ready to begin the practice round? <*pause*>

And remember, now that we have started, please do not talk to anyone. If you have a question, please raise your hand.