Instructions

Welcome to today's experiment. In the course of the experiment, you have the opportunity to earn money. How much you earn depends on your decisions during the experiment. **Your decisions remain anonymous to the other participants in the experiment.**

In any case, every participant will receive a lump sum payment (referred to as „Show-up-fee" from here on) amounting to € 4.00. Moreover, you can earn tokens in the individual decision periods of the experiment. **These tokens are converted into EURO at a ratio of 1,1:100 at the end of the experiment.** For instance, if you earn 100 tokens, you will receive € 1.10 in addition to the Show-up-fee of € 4.00. The money will be handed out in cash at the end of the experiment.

Communication between participants is not allowed during the experiment. Please do not ask questions aloud! If something is unclear, please raise your hand. We will attend to your questions in private in that case.

The experiment in detail

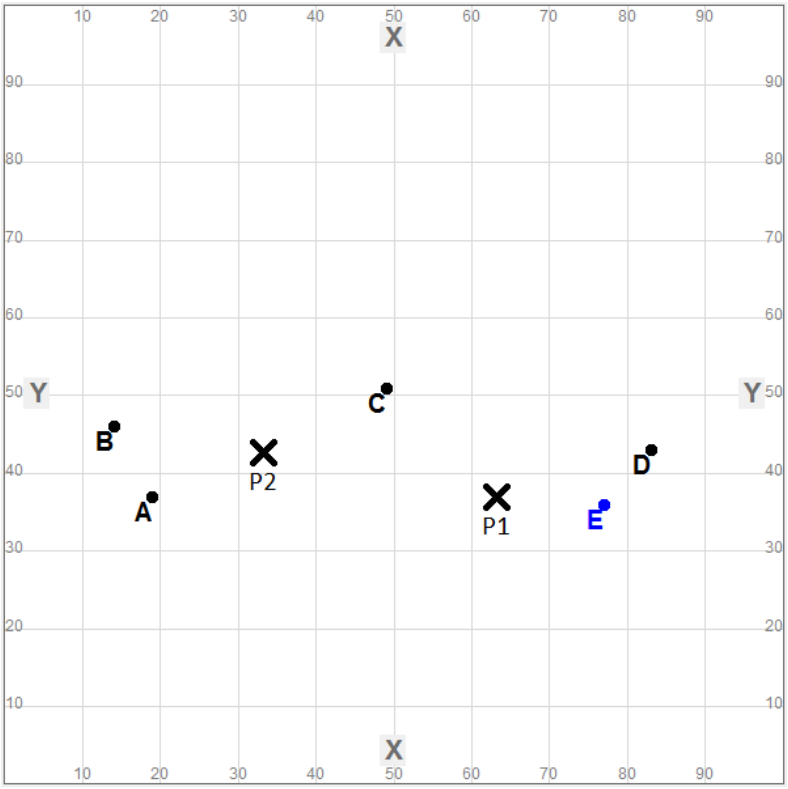
During the experiment you will be **member of a group of 5 participants**. The members of your group will be called Participant A, Participant B, Participant C, Participant D and Participant E. You will not get to know the identity of the other participants in your group. **The experiment takes 2 periods.** Both periods follow the same procedure. We will explain the details below. **During the experiment, the composition of the groups will not change.** You will be in the same group with the same 4 participants for all 2 periods of the experiment.

The task

In each of the 2 periods your group will have to select a point from a decision field by voting. You will find a picture of the decision field on the following page. The field is 100 units wide (x-axis) and 100 units high (y-axis). Each participant in your group has an ideal point in the decision field. The amount of tokens you earn in a period depends on the outcome chosen by your group. **The closer the point chosen by your group is to your ideal point, the more tokens you earn.** Thus, you earn the highest amount of tokens if the group chooses exactly your ideal point. In that case, you earn **1,000 tokens.**

Please have a look at the decision field below on the next page and assume you were Participant E. Your ideal point is point E. The ideal points of the other 4 participants of your group are A, B, C and D. In the situation shown below you receive more tokens if the group chooses P1 than if it chooses P2, because P1 is closer to your ideal point, E, than P2.

Conversely, Participant B receives more tokens if the group chooses P2 instead of P1 because P2 is closer to B's ideal point than P1.



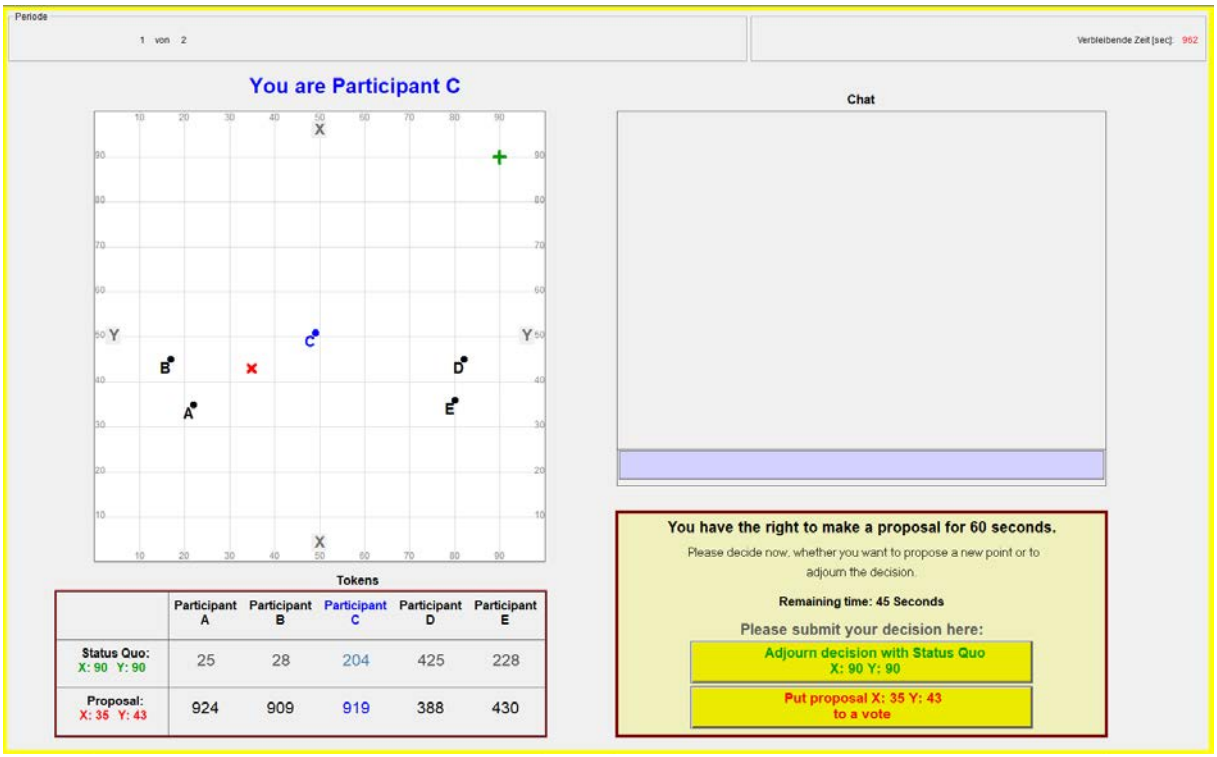
The course of decision making in your group

Below we will explain to you the details of the decision-making process in your group. The sheet "Process of group decision making", that we handed out to you as well, shows the decision-making process graphically.

Your group must choose one point in the decision space by majority rule. The decision-making process proceeds as follows:

First of all, each group member has the possibility to explore the decision field for 90 seconds. If you click on a point in the decision field with your mouse, in the table below you can see how many tokens you and the other group members would receive, if the group would choose this point in the following decision as the final result.

The real decision-making process begins after the expiration of 90 seconds. The computer assigns the right to make a proposal randomly to one of the 5 members of your group with a time limit of 60 seconds. If you have been assigned the right to make a proposal you will then see the screen shown below:



In every period there is a **status quo point.** At the beginning of each period, the status quo is situated in the top right area of the decision space and has the coordinates 90 units on the x-axis and 90 units on the y-axis. The status quo is represented in the decision space with a green ‚+'. **Your group can change the location of the status quo point during the experiment. <u>The coordinates of the status quo at the end of one period represent the final outcome of this period.</u> The amount of tokens you will earn only depend on the final location of the status quo at the end of the period.**

If you have the right to make a proposal, you have two options:

1. **You can propose to replace the current status quo by another point to your group.**
2. **You can propose to adjourn the decision-making process with the current status quo.**

In the table below the decision field you can see how many tokens you and your group members would earn if the decision-making process would end up with the current status quo (in the example shown above 25 tokens for Participant A, 28 tokens for Participant B, 204 tokens for participant , etc.).

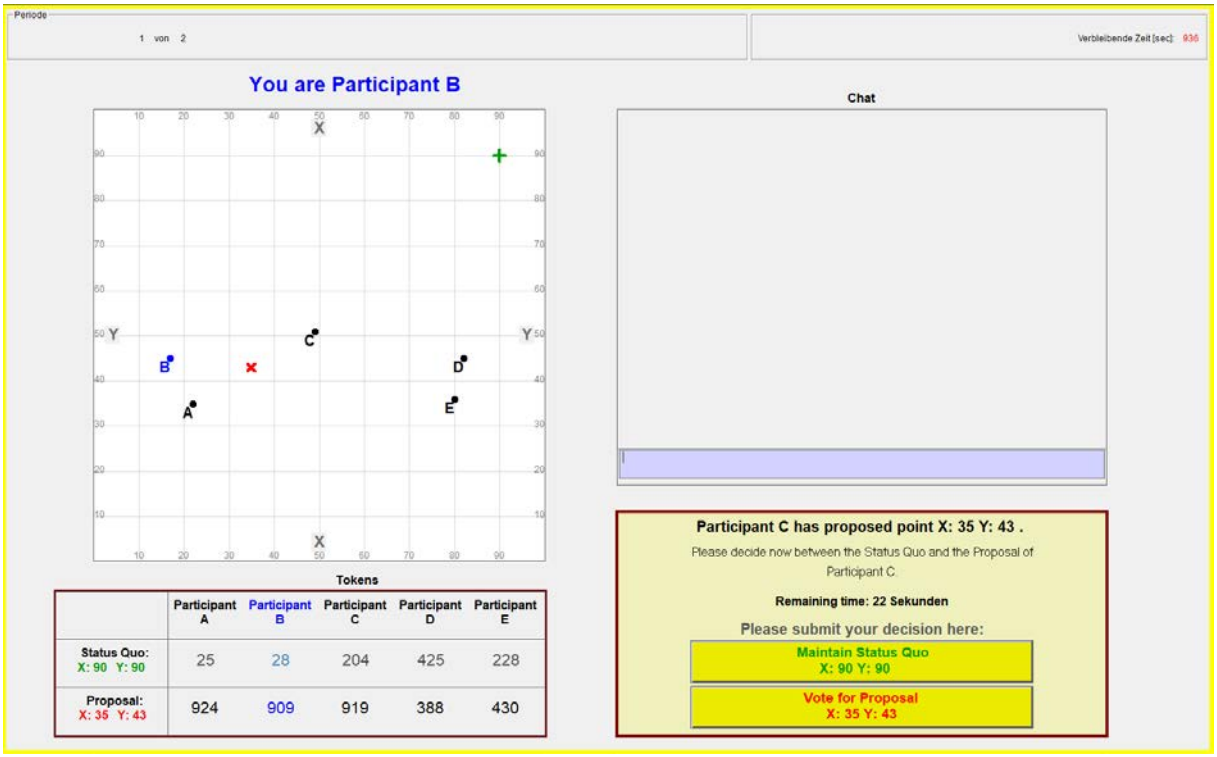
If you have the right to make a proposal you can click on any point in the decision field with the computer mouse. The point will then be marked with a red "**X**" in the decision field. In the table below the decision field you can see how many tokens you and your group members would earn if your group chooses the current marked point as the final outcome (in the example shown above 924 tokens for Participant A, 909 tokens for Participant B, etc.).

If you want to propose to replace the status quo by the point with the red marked "X", please click on the yellow button "Put proposal X:.. Y:.. to a vote".

If you want to propose to adjourn the decision-making process with the current status quo, please click on the yellow button "Adjourn decision with Status Quo X:.. Y:..".

If you don't use the right to make a proposal within 60 seconds, the computer will randomly choose another group member that will be assigned to make a proposal within the next 60 seconds.

If the group member proposes to put a proposal to a vote, the group has to decide between the proposal and the current status quo. You will see the following screen then:



On the left side you can see the decision field with the ideal points of all group members. The status quo is marked with a green ‚+'. The proposal is marked with a red ‚X'. The table below the decision field shows how many tokens you and your group members would receive, if the group votes for the status quo as the final outcome of this period quo (in the example shown above: 25 tokens for Participant A, 28 tokens for Participant B, etc.). The row below shows the amount of tokens if the group would vote for the proposal as the final outcome (in the example shown above: 924 tokens for Participant A, 909 tokens for Participant B, etc.).

The voting procedure works as follows: **Each group member has one vote.** But only the 4 group members without the right to propose do effectively vote. The vote of the participant who made the proposal will automatically be counted for his own proposal. You can make your choice with the yellow buttons on the right side of the table.

- **If you want your group to maintain the status quo, please click the yellow button „<u>Maintain Status Quo X:.. Y:..</u>“.**
- **If you want your group to choose the current proposal as the result of the period, please click the yellow button „<u>Vote for Proposal X:.. Y:..</u>“.**

All group members vote simultaneously. As long as you have not made a decision you will not get to know the decisions of the other group members in the current ballot.

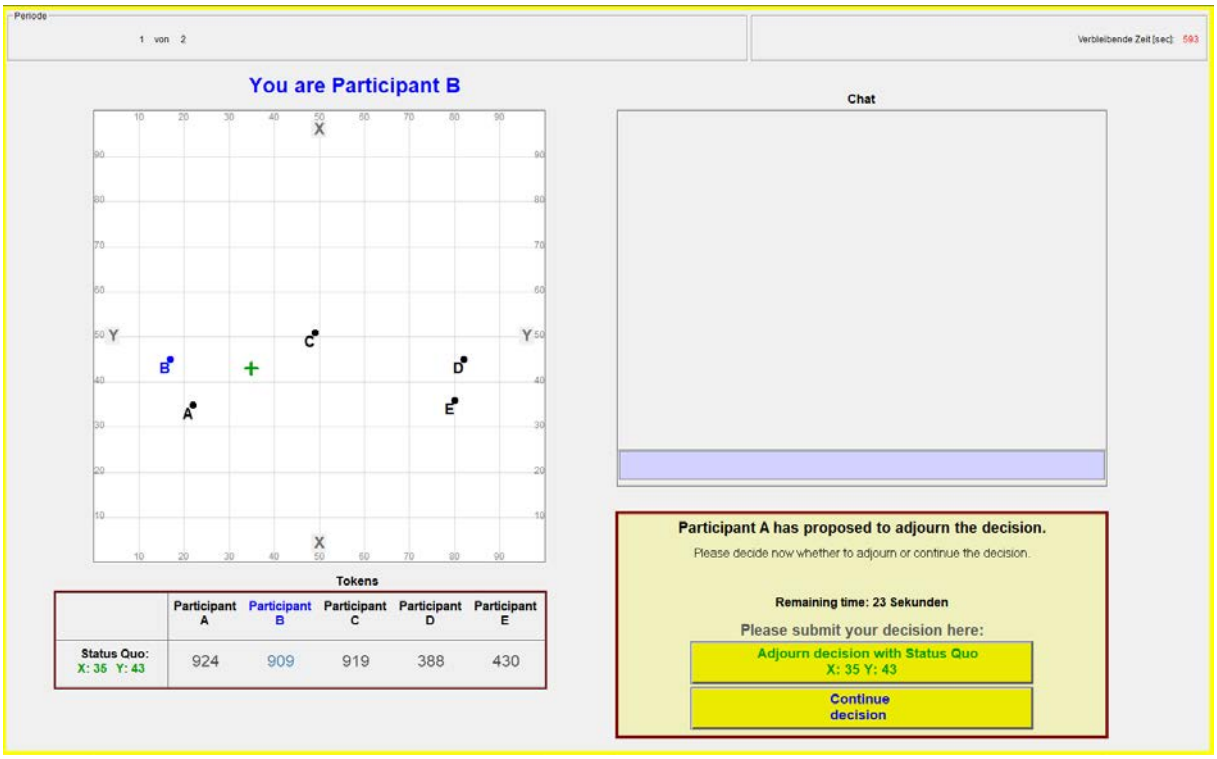
Your group decides by majority rule. **The alternative which gets 3 or more votes from the 5 members of the group wins.** The group members have 30 seconds to vote. If one member of the group does not make a choice within the 30 seconds, his vote will automatically be counted to maintain the status quo.

<u>The result of the voting procedure:</u>

- **If the majority of the group votes for the proposal, the proposal will become the new status quo.**
- **If the majority of the group votes for the status quo, the previous status quo is maintained.**

After the voting procedure the computer again assigns the right to make a proposal randomly to one of the group members. Again, the participant with the right to make a proposal has the possibility to propose either a new point or propose to adjourn the period with the current status quo.

If the participant with the right to make a proposal proposes to adjourn the period with the current status quo, the group has to decide if the decision-making process shall end now. In that case you will see the following screen:



In the table below the decision field you can see how many tokens you and your group members would earn if the decision-making process would end up with the current status quo.

The voting procedure works as follows: Each of the group members has one vote. But only the 4 group members without the right to propose vote actually. The vote of the participant who made the proposal will automatically be counted to adjourn decision making with the status quo. You can make your choice with two yellow buttons on the right side of the table.

- **If you want your group to <u>adjourn</u> the decision with the <u>current status quo</u>, please click the yellow button „<u>Adjourn decision with Status Quo X:.. Y:..</u>“.**
- **If you want your group to <u>continue the decision,</u> please click the yellow button “<u>Continue decision</u>”.**

All group members vote simultaneously. As long as you have not made a decision you will not get to know the decisions of the other group members in the ballot.

Your group decides by majority rule. **The alternative which gets 3 or more votes from the 5 members of the group wins.** Group members have 30 seconds to vote. If a member of the group does not make a choice within the 30 seconds, his vote will automatically be counted to continue the decision.

<u>The result of the voting procedure:</u>

- **If the majority of the group votes to continue the decision, the process will be continued with the current status quo.** A randomly chosen group member receives the right to make a proposal. Again, the participant with the right to make a proposal

has the possibilities to propose either a new point or to adjourn the period with the current status quo.

- **If the majority of the group votes to adjourn the decision with the current status quo, the period ends. <u>The status quo is the final result of the period, and all group members receive the amount of tokens that the current status quo is promises to them.</u>**

Your group has 20 minutes to make a decision in a period. That means, a period ends either if a majority of group members votes to adjourn the decision – **or the time limit of 20 minutes is reached.**

Once all groups in the experiment finish the first period, the experiment will continue. It is possible that you have to wait a few moments until all of the other groups finish the first period.

Chat

During the decisions you have the possibility to communicate with the other members of your group via chat. You can type in your message in the grey chat window. The message will be sent by pushing the enter-key of your keyboard.

You are not allowed to reveal your identity while chatting with your group members. That means you are not allowed to tell them your real name or the number of your cabin. Furthermore, you are not allowed to insult or threaten other group members.

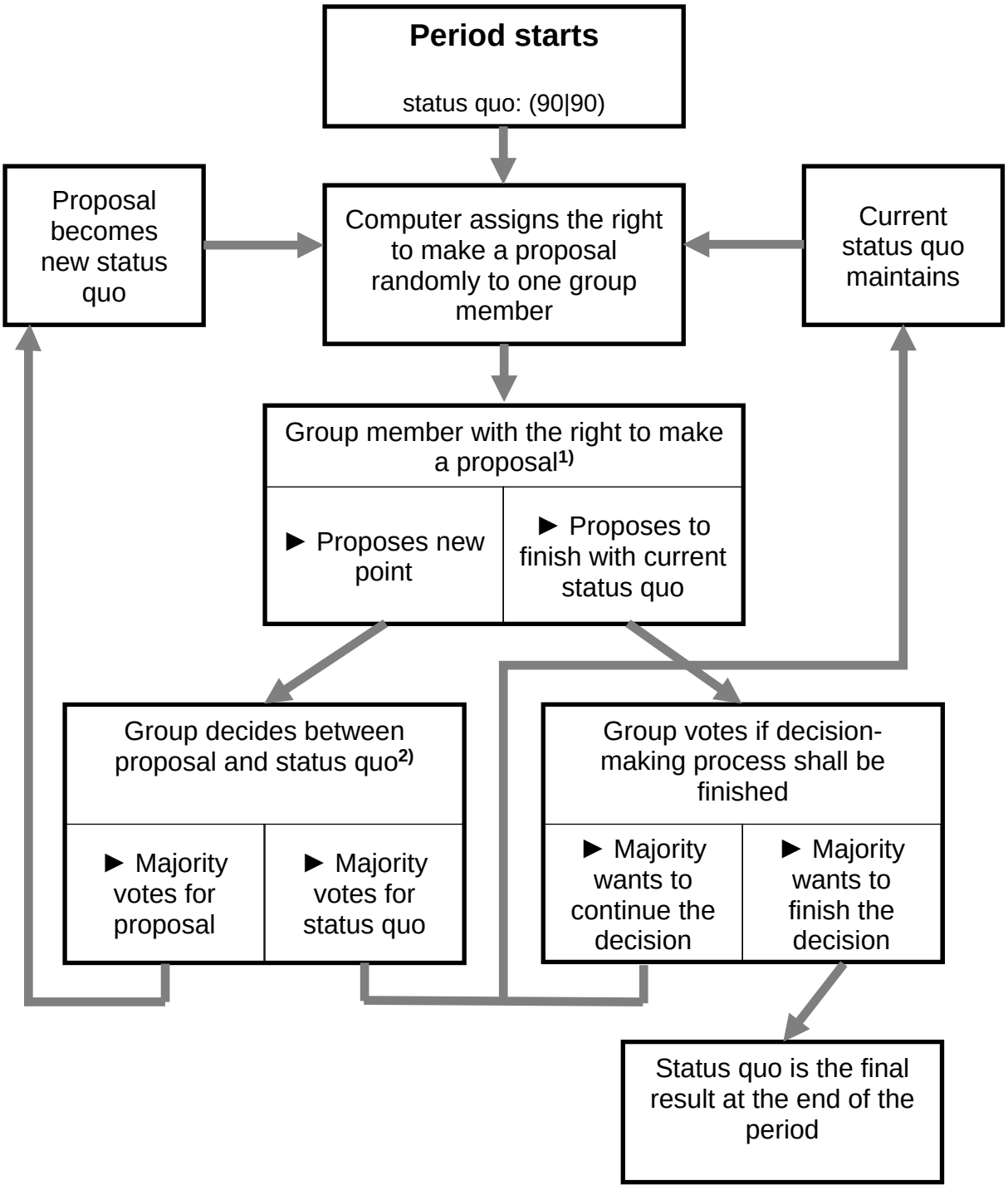
The end of the experiment

The computer will choose one of the two periods randomly at the end of the Experiment. The amount of tokens you have earned in that period are converted into EURO at a ratio of 1,1:100 (€1,10 per 100 tokens). Your total payment consists of the payment resulting from your tokens plus the „show-up-fee" of € 4.00.

Part of the experiment is a questionnaire which will start after the decision-making periods of the experiment. We assure you that any information you enter there is treated anonymously and that your data will not be passed on to third parties.

In case you have questions, please raise your hand. We will come over to answer your question then.

Process of group decision-making



(1) The group member that has the right to make a proposal has a time limit of 60 seconds. If it does not use the right to make a proposal within 60 seconds, the computer will randomly choose another group member that will be assigned to make a proposal within 60 seconds.
(2) The group members have a time limit of 30 seconds to vote. If one member of the group did not make a choice within 30 seconds, his vote will automatically be counted to maintain the status quo.
(3) The group members have a time limit of 30 seconds to vote. If one member of the group did not make a choice within the 30 seconds, his vote will automatically be counted to continue the decision-making process.

Please answer the following questions.

1. How many members does your group have in total? ___

2. What is the maximum number of points you can earn in one decision? ___

3. Please have a look at the decision field on page 2 in the instructions of the experiment and imagine you are Participant A. Please have a look at **P1** and **P2**.
   a. The choice of which of the two points would earn you more points? ___
   b. The choice of which of the two points would earn Participant D more points? ___

Please mark with a cross if the following statements are right or wrong.

4. The composition of your group changes between periods.
   ☐ right ☐ wrong

5. The participant who has the right to make a proposal is always the same person.
   ☐ right ☐ wrong

6. If the group member with the right to make a proposal proposes a new point, and a majority of group members agree with that, the proposal becomes the new status quo.
   ☐ right ☐ wrong

7. The amount of points you will earn in one period depends only on the location of the status quo at the end of the period.
   ☐ right ☐ wrong