

**Subject Instructions and Decision Forms for the Paper Titled “Status Quo Effects in Fairness Games: Reciprocal Responses to Acts of Commission vs. Acts of Omission”**

*Experiment 1 (RANDOM  $T_{15,5}$ )*

**INSTRUCTIONS**

**No Talking Allowed**

Now that the experiment has begun, we ask that you do not talk. If you have a question after we finish reading the instructions, please raise your hand and the experimenter will approach you and answer your question in private.

**Show up Fee**

Every participant will get 5 NZD as a show up fee for today’s session and, in addition, have the opportunity to earn money in the experiment. Your experimental earnings (in \$) will be converted into cash at the 3:4 exchange rate (i.e., each \$0.75 of your experimental earnings will be worth 1 NZD.) All the money will be paid to you in cash at the end of the experiment.

**Two Groups**

You will be divided randomly into two groups, called Players A and Players B.

**Anonymity**

Each Player A will be randomly paired with a Player B. No one will learn the identity of the player (s)he is paired with.

**Complete Privacy**

This experiment is structured so that no one, neither the experimenters nor the other participants nor anyone else will ever know the personal decision of anyone in the experiment. This is accomplished by the following procedure. You will collect your money payoff, contained in a sealed envelope, from our research assistant in exchange for your experiment ID slip. Your privacy is guaranteed because neither your name nor your student ID number will appear on any form that records your decisions in this experiment. The only identifying mark in all records will be the experiment ID which is known only by you. Although the experimenters will not know your identity, they will know how much to pay you because you will write your experiment ID number on all response forms.

At the end of the experiment, each subject will walk by himself or herself to another room to collect their money payoff envelope from our research assistant who will not be present during the decision making part of the experiment. You will be the only person in possession of your experiment ID slip. When collecting the envelope, you are kindly requested not to open it immediately. You should wait until you leave the building. After collecting the envelope, you must return your experiment ID slip to our research assistant

**Starting Money Balances**

Before the decision tasks begin, the experimenter provides a starting balance of \$15 to each Player A. The experimenter provides each Player B with a starting balance of \$5.

### Player A's Decision Task

- Each Player A decides whether or not to give \$5 to the paired Player B.
- If Player A decides to give \$5 to the paired Player B, (s)he makes his/her decision by circling the “**Player A has decided to give \$5 to Player B**” statement on the decision form. If Player A decides not to give \$5 to the paired Player B, (s)he makes his/her decision by circling the “**Player A has decided to make no change in payoffs**” statement.

Player A is asked to circle **only one** of the two decisions. If Player A does not circle a decision or circles both decisions, (s)he will be paid only the show-up fee at the end of the experiment. After making his/her decision, Player A places the decision form in the manila envelope and waits for the experimenter to collect it.

### Player B's Decision Task

Each Player B makes a decision for both of the two possible Player A decisions:

- If **Player A has decided to make no change in payoffs**, Player B chooses between:

Decision N1: Make **no further change** in payoffs

OR

Decision N2: **Decrease** his/her own payoff by \$2 in order to **decrease** player A's payoff by \$6

- If **Player A has decided to give \$5 to Player B**, Player B chooses between:

Decision G1: Make **no further change** in payoffs

OR

Decision G2: **Decrease** his/her own payoff by \$1 in order to **increase** player A's payoff by \$2

Player B makes his/her decisions by circling one of the two possible decisions on each of the two decision forms. Player B is asked to circle **only one** of the two possible decisions on each of the two decision forms. If Player B does not circle any decision or circles both decisions on the same decision form, (s)he will be paid only the show-up fee at the end of the experiment. After making his/her decisions, Player B puts both decision forms in the large manila envelope and waits for the experimenter to collect it.

Note that Player A's decision will determine which decision of Player B will be relevant. However, Players B will not know in advance which one will be chosen. Therefore, please think about your decisions carefully. Are there any questions?

## DECISION FORM FOR PLAYER A (Treatment 15/5)

**Experiment ID of Player A:** \_\_\_\_\_

Player A starts with \$15. Player B starts with \$5.

**DECISION (1): Player A decides to make no change in payoffs**

Subsequently, Player B will decide to:

Make no further change in payoffs

OR

Decrease his/her own payoff by \$2 in order to decrease player A's payoff by \$6

**OR**

**DECISION (2): Player A decides to give \$5 to Player B**

Subsequently, Player B will decide to:

Make no further change in payoffs

OR

Decrease his/her own payoff by \$1 in order to increase player A's payoff by \$2

**YOU MUST CIRCLE EITHER DECISION (1) OR DECISION (2) BUT NOT BOTH.**

## DECISION FORM FOR PLAYER B (Treatment 15/5, page 1)

**Experiment ID of Player B:** \_\_\_\_\_

Player A starts with \$15. Player B starts with \$5.

**IF Player A has decided to make no change in payoffs THEN**

**Player B chooses between:**

Decision N1: Make **no further change** in payoffs

OR

Decision N2: **Decrease** his/her own payoff by \$2 in order to **decrease** player A's payoff by \$6

**YOU MUST CIRCLE EITHER DECISION N1 OR DECISION N2 BUT NOT BOTH.**

## DECISION FORM FOR PLAYER B (Treatment 15/5, page 2)

**Experiment ID of Player B:** \_\_\_\_\_

Player A starts with \$15. Player B starts with \$5.

**IF Player A has decided to give \$5 to Player B THEN**

**Player B chooses between:**

Decision G1: Make **no further change** in payoffs

OR

Decision G2: **Decrease** his/her own payoff by \$1 in order to **increase** player A's payoff by \$2

**YOU MUST CIRCLE EITHER DECISION G1 OR DECISION G2 BUT NOT BOTH.**

*Experiment 1 (RANDOM<sub>T<sub>10,10</sub></sub>)*

**INSTRUCTIONS**

**No Talking Allowed**

Now that the experiment has begun, we ask that you do not talk. If you have a question after we finish reading the instructions, please raise your hand and the experimenter will approach you and answer your question in private.

**Show up Fee**

Every participant will get 5 NZD as a show up fee for today's session and, in addition, have the opportunity to earn money in the experiment. Your experimental earnings (in \$) will be converted into cash at the 3:4 exchange rate (i.e., each \$0.75 of your experimental earnings will be worth 1 NZD.) All the money will be paid to you in cash at the end of the experiment.

**Two Groups**

You will be divided randomly into two groups, called Players A and Players B.

**Anonymity**

Each Player A will be randomly paired with a Player B. No one will learn the identity of the player (s)he is paired with.

**Complete Privacy**

This experiment is structured so that no one, neither the experimenters nor the other participants nor anyone else will ever know the personal decision of anyone in the experiment. This is accomplished by the following procedure. You will collect your money payoff, contained in a sealed envelope, from our research assistant in exchange for your experiment ID slip. Your privacy is guaranteed because neither your name nor your student ID number will appear on any form that records your decisions in this experiment. The only identifying mark in all records will be the experiment ID which is known only by you. Although the experimenters will not know your identity, they will know how much to pay you because you will write your experiment ID number on all response forms.

At the end of the experiment, each subject will walk by himself or herself to another room to collect their money payoff envelope from our research assistant who will not be present during the decision making part of the experiment. You will be the only person in possession of your experiment ID slip. When collecting the envelope, you are kindly requested not to open it immediately; you should wait until you leave the building. After collecting the envelope, you must return your experiment ID slip to our research assistant

**Starting Money Balances**

Before the decision tasks begin, the experimenter provides a starting balance of \$10 to each Player A. The experimenter also provides each Player B with a starting balance of \$10.

### Player A's Decision Task

- Each Player A decides whether or not to take \$5 from the paired Player B.
- If Player A decides to take \$5 from the paired Player B, (s)he makes his/her decision by circling the **“Player A has decided to take \$5 from Player B”** statement on the decision form. If Player A decides not to take \$5 from the paired Player B, (s)he makes his/her decision by circling the **“Player A has decided to make no change in payoffs”** statement.

Player A is asked to circle **only one** of the two decisions. If Player A does not circle a decision or circles both decisions, (s)he will be paid only the show-up fee at the end of the experiment. After making his/her decision, Player A places the decision form in the manila envelope and waits for the experimenter to collect it.

### Player B's Decision Task

Each Player B makes a decision for both of the two possible Player A decisions:

- If **Player A has decided to take \$5 from Player B**, Player B chooses between:

Decision T1: Make **no further change** in payoffs

OR

Decision T2: **Decrease** his/her own payoff by \$2 in order to **decrease** player A's payoff by \$6

- If **Player A has decided to make no change in payoffs**, Player B chooses between:

Decision N1: Make **no further change** in payoffs

OR

Decision N2: **Decrease** his/her own payoff by \$1 in order to **increase** player A's payoff by \$2

Player B makes his/her decisions by circling one of the two possible decisions on each of the two decision forms. Player B is asked to circle **only one** of the two possible decisions on each of the two decision forms. If Player B does not circle any decision or circles both decisions on the same decision form, (s)he will be paid only the show-up fee at the end of the experiment. After making his/her decisions, Player B puts both decision forms in the large manila envelope and waits for the experimenter to collect it.

Note that Player A's decision will determine which decision of Player B will be relevant. However, Player B will not know in advance which one will be chosen. Therefore, please think about your all of decisions carefully. Are there any questions?

## DECISION FORM FOR PLAYER A (Treatment 10/10)

**Experiment ID of Player A:** \_\_\_\_\_

Player A starts with \$10. Player B starts with \$10.

**DECISION (1): Player A decides to take \$5 from Player B**

Subsequently, Player B will decide to:

Make no further change in payoffs

OR

Decrease his/her own payoff by \$2 in order to decrease player A's payoff by \$6

**OR**

**DECISION (2): Player A decides to make no change in payoffs**

Subsequently, Player B will decide to:

Make no further change in payoffs

OR

Decrease his/her own payoff by \$1 in order to increase player A's payoff by \$2

**YOU MUST CIRCLE EITHER DECISION (1) OR DECISION (2) BUT NOT BOTH.**



## DECISION FORM FOR PLAYER B (Treatment 10/10, page 1)

**Experiment ID of Player B:** \_\_\_\_\_

Player A starts with \$10. Player B starts with \$10.

**IF Player A has decided to take \$5 from Player B THEN**

**Player B chooses between:**

Decision T1: Make **no further change** in payoffs

OR

Decision T2: **Decrease** his/her own payoff by \$2 in order to **decrease** player A's payoff by \$6

**YOU MUST CIRCLE EITHER DECISION T1 OR DECISION T2 BUT NOT BOTH.**

## DECISION FORM FOR PLAYER B (Treatment 10/10, page 2)

**Experiment ID of Player B:** \_\_\_\_\_

Player A starts with \$10. Player B starts with \$10.

**IF Player A has decided to make no change in payoffs THEN**

**Player B chooses between:**

Decision N1: Make **no further change** in payoffs

OR

Decision N2: **Decrease** his/her own payoff by \$1 in order to **increase** player A's payoff by \$2

**YOU MUST CIRCLE EITHER DECISION N1 OR DECISION N2 BUT NOT BOTH.**

**DAY 1*****(Experiment 2: Both treatments)*****INSTRUCTIONS****Earnings quiz**

In today's part of the experiment you will be asked to complete a quiz. Each participant will be asked to answer the same set of 40 questions, selected from a large test bank. Your quiz score will be the number of questions you answer correctly minus 1/4 of a point for each question that you answer incorrectly (i.e., 1 correct answer = 1 point; 1 incorrect answer = - 1/4 point).

After everyone has completed the experiment the final scores will be ranked from the highest to the lowest and ties will be resolved randomly. Once the complete ranking of the participants has been determined, the participants who scored in the top 25% will receive a certificate for \$15, those in the middle 25-75% will receive a certificate for \$10, and those in the bottom 25% will receive a certificate for \$5.

**IMPORTANT:** Please bring your certificates to the DAY 2 part of the experiment. They provide your start up money for the second part of the experiment. At the end of the DAY 2 session your experimental earnings will be converted into cash at the 3:4 exchange rate (i.e., each \$0.75 of your experimental earnings will be worth 1 NZD in cash).

Please mark your answer in the quiz by clicking inside the dialog box to the left of the option you want to select. You have 40 minutes to complete the quiz.

**DAY 2***(Experiment 2: TOURNAMENT  $T_{15.5}$ )***INSTRUCTIONS****No Talking Allowed**

Now that the experiment has begun, we ask that you do not talk. If you have a question after we finish reading the instructions, please raise your hand and the experimenter will approach you and answer your question in private.

**Show up Fee**

Every participant will get 5 NZD as a show up fee for today's session and, in addition, have the opportunity to earn money in the experiment. Your experimental earnings (in \$) will be converted into cash at the 3:4 exchange rate (i.e., each \$0.75 of your experimental earnings will be worth 1 NZD.) All the money will be paid to you in cash at the end of the experiment.

**Two Groups**

You have been divided into two groups, called Players A and Players B. Participants who scored in the top 25% in the quiz on DAY 1 will be Players A and participants who scored in the bottom 25% will be Players B.

**Anonymity**

Each Player A will be randomly paired with a Player B. No one will learn the identity of the player (s)he is paired with.

**Complete Privacy**

This experiment is structured so that no one, neither the experimenters nor the other participants nor anyone else will ever know the personal decision of anyone in the experiment. This is accomplished by the following procedure. You will collect your money payoff, contained in a sealed envelope, from our research assistant in exchange for your experiment ID slip. Your privacy is guaranteed because neither your name nor your student ID number will appear on any form that records your decisions in this experiment. The only identifying mark in all records will be the experiment ID which is known only by you. Although the experimenters will not know your identity, they will know how much to pay you because you will write your experiment ID number on all response forms.

At the end of the experiment, each subject will walk by himself or herself to another room to collect their money payoff envelope from our research assistant who will not be present during the decision making part of the experiment. You will be the only person in possession of your experiment ID slip. When collecting the envelope, you are kindly requested not to open it immediately. You should wait until you leave the building. After collecting the envelope, you must return your experiment ID slip to our research assistant

**Starting Money Balances**

Your starting balances for this DAY 2 part of the experiment were determined by your performance on DAY 1 of this experiment:

**Each Player A earned \$15 on DAY 1 by scoring in the top 25% on the quiz.**  
**Each Player B earned \$5 on DAY 1 by scoring in the bottom 25% on the quiz.**

### **Player A's Decision Task**

- Each Player A decides whether or not to give \$5 to the paired Player B.
- If Player A decides to give \$5 to the paired Player B, (s)he makes his/her decision by circling the **“Player A has decided to give \$5 to Player B”** statement on the decision form. If Player A decides not to give \$5 to the paired Player B, (s)he makes his/her decision by circling the **“Player A has decided to make no change in payoffs”** statement.

Player A is asked to circle **only one** of the two decisions. If Player A does not circle a decision or circles both decisions, (s)he will be paid only the show-up fee at the end of the experiment. After making his/her decision, Player A places the decision form in the manila envelope and waits for the experimenter to collect it.

### **Player B's Decision Task**

Each Player B makes a decision for both of the two possible Player A decisions:

- If **Player A has decided to make no change in payoffs**, Player B chooses between:

Decision N1: Make **no further change** in payoffs

OR

Decision N2: **Decrease** his/her own payoff by \$2 in order to **decrease** player A's payoff by \$6

- If **Player A has decided to give \$5 to Player B**, Player B chooses between:

Decision G1: Make **no further change** in payoffs

OR

Decision G2: **Decrease** his/her own payoff by \$1 in order to **increase** player A's payoff by \$2

Player B makes his/her decisions by circling one of the two possible decisions on each of the two decision forms. Player B is asked to circle **only one** of the two possible decisions on each of the two decision forms. If Player B does not circle any decision or circles both decisions on the same decision form, (s)he will be paid only the show-up fee at the end of the experiment. After making his/her decisions, Player B puts both decision forms in the large manila envelope and waits for the experimenter to collect it.

Note that Player A's decision will determine which decision of Player B will be relevant. However, Players B will not know in advance which one will be chosen. Therefore, please think about your decisions carefully. Are there any questions?

DECISION FORM FOR PLAYER A (Treatment 15/5)

**Experiment ID of Player A:** \_\_\_\_\_

Player A starts with \$15 he/she earned on DAY 1. Player B starts with \$5 he/she earned on DAY 1.

**DECISION (1): Player A decides to make no change in payoffs**

Subsequently, Player B will decide to:

Make no further change in payoffs

OR

Decrease his/her own payoff by \$2 in order to decrease player A's payoff by \$6

**OR**

**DECISION (2): Player A decides to give \$5 to Player B**

Subsequently, Player B will decide to:

Make no further change in payoffs

OR

Decrease his/her own payoff by \$1 in order to increase player A's payoff by \$2

**YOU MUST CIRCLE EITHER DECISION (1) OR DECISION (2) BUT NOT BOTH.**

## DECISION FORM FOR PLAYER B (Treatment 15/5, page 1)

**Experiment ID of Player B:** \_\_\_\_\_

Player A starts with \$15 he/she earned on DAY 1. Player B starts with \$5 he/she earned on DAY 1.

**IF Player A has decided to make no change in payoffs THEN**

**Player B chooses between:**

Decision N1: Make **no further change** in payoffs

OR

Decision N2: **Decrease** his/her own payoff by \$2 in order to **decrease** player A's payoff by \$6

**YOU MUST CIRCLE EITHER DECISION N1 OR DECISION N2 BUT NOT BOTH.**

## DECISION FORM FOR PLAYER B (Treatment 15/5, page 2)

**Experiment ID of Player B:** \_\_\_\_\_

Player A starts with \$15 he/she earned on DAY 1. Player B starts with \$5 he/she earned on DAY 1.

**IF Player A has decided to give \$5 to Player B THEN**

**Player B chooses between:**

Decision G1: Make **no further change** in payoffs

OR

Decision G2: **Decrease** his/her own payoff by \$1 in order to **increase** player A's payoff by \$2

**YOU MUST CIRCLE EITHER DECISION G1 OR DECISION G2 BUT NOT BOTH.**



**DAY 2***(Experiment 2: TOURNAMENT  $T_{10,10}$ )***INSTRUCTIONS****No Talking Allowed**

Now that the experiment has begun, we ask that you do not talk. If you have a question after we finish reading the instructions, please raise your hand and the experimenter will approach you and answer your question in private.

**Show up Fee**

Every participant will get 5 NZD as a show up fee for today's session and, in addition, have the opportunity to earn money in the experiment. Your experimental earnings (in \$) will be converted into cash at the 3:4 exchange rate (i.e., each \$0.75 of your experimental earnings will be worth 1 NZD.) All the money will be paid to you in cash at the end of the experiment.

**Two Groups**

You have been divided randomly into two groups, called Players A and Players B.

**Anonymity**

Each Player A will be randomly paired with a Player B. No one will learn the identity of the player (s)he is paired with.

**Complete Privacy**

This experiment is structured so that no one, neither the experimenters nor the other participants nor anyone else will ever know the personal decision of anyone in the experiment. This is accomplished by the following procedure. You will collect your money payoff, contained in a sealed envelope, from our research assistant in exchange for your experiment ID slip. Your privacy is guaranteed because neither your name nor your student ID number will appear on any form that records your decisions in this experiment. The only identifying mark in all records will be the experiment ID which is known only by you. Although the experimenters will not know your identity, they will know how much to pay you because you will write your experiment ID number on all response forms.

At the end of the experiment, each subject will walk by himself or herself to another room to collect their money payoff envelope from our research assistant who will not be present during the decision making part of the experiment. You will be the only person in possession of your experiment ID slip. When collecting the envelope, you are kindly requested not to open it immediately; you should wait until you leave the building. After collecting the envelope, you must return your experiment ID slip to our research assistant

**Starting Money Balances**

Your starting balances for this DAY 2 part of the experiment were determined by your performance on DAY 1 of this experiment:

**Each Player A earned \$10 on DAY 1 by scoring in the middle 25 – 75% on the quiz.**

**Each Player B earned \$10 on DAY 1 by scoring in the middle 25 – 75% on the quiz.**

### **Player A's Decision Task**

- Each Player A decides whether or not to take \$5 from the paired Player B.
- If Player A decides to take \$5 from the paired Player B, (s)he makes his/her decision by circling the **“Player A has decided to take \$5 from Player B”** statement on the decision form. If Player A decides not to take \$5 from the paired Player B, (s)he makes his/her decision by circling the **“Player A has decided to make no change in payoffs”** statement.

Player A is asked to circle **only one** of the two decisions. If Player A does not circle a decision or circles both decisions, (s)he will be paid only the show-up fee at the end of the experiment. After making his/her decision, Player A places the decision form in the manila envelope and waits for the experimenter to collect it.

### **Player B's Decision Task**

Each Player B makes a decision for both of the two possible Player A decisions:

- If **Player A has decided to take \$5 from Player B**, Player B chooses between:

Decision T1: Make **no further change** in payoffs

OR

Decision T2: **Decrease** his/her own payoff by \$2 in order to **decrease** player A's payoff by \$6

- If **Player A has decided to make no change in payoffs**, Player B chooses between:

Decision N1: Make **no further change** in payoffs

OR

Decision N2: **Decrease** his/her own payoff by \$1 in order to **increase** player A's payoff by \$2

Player B makes his/her decisions by circling one of the two possible decisions on each of the two decision forms. Player B is asked to circle **only one** of the two possible decisions on each of the two decision forms. If Player B does not circle any decision or circles both decisions on the same decision form, (s)he will be paid only the show-up fee at the end of the experiment. After making his/her decisions, Player B puts both decision forms in the large manila envelope and waits for the experimenter to collect it.

Note that Player A's decision will determine which decision of Player B will be relevant. However, Player B will not know in advance which one will be chosen. Therefore, please think about your all of decisions carefully. Are there any questions?

## DECISION FORM FOR PLAYER A (Treatment 10/10)

**Experiment ID of Player A:** \_\_\_\_\_

Player A starts with \$10 he/she earned on DAY 1. Player B starts with \$10 he/she earned on DAY 1.

**DECISION (1): Player A decides to take \$5 from Player B**

Subsequently, Player B will decide to:

Make no further change in payoffs

OR

Decrease his/her own payoff by \$2 in order to decrease player A's payoff by \$6

**OR**

**DECISION (2): Player A decides to make no change in payoffs**

Subsequently, Player B will decide to:

Make no further change in payoffs

OR

Decrease his/her own payoff by \$1 in order to increase player A's payoff by \$2

**YOU MUST CIRCLE EITHER DECISION (1) OR DECISION (2) BUT NOT BOTH.**

## DECISION FORM FOR PLAYER B (Treatment 10/10, page 1)

**Experiment ID of Player B:** \_\_\_\_\_

Player A starts with \$10 he/she earned on DAY 1. Player B starts with \$10 he/she earned on DAY 1.

**IF Player A has decided to take \$5 from Player B THEN**

**Player B chooses between:**

Decision T1: Make **no further change** in payoffs

OR

Decision T2: **Decrease** his/her own payoff by \$2 in order to **decrease** player A's payoff by \$6

**YOU MUST CIRCLE EITHER DECISION T1 OR DECISION T2 BUT NOT BOTH.**

## DECISION FORM FOR PLAYER B (Treatment 10/10, page 2)

**Experiment ID of Player B:** \_\_\_\_\_

Player A starts with \$10 he/she earned on DAY 1. Player B starts with \$10 he/she earned on DAY 1.

**IF Player A has decided to make no change in payoffs THEN**

**Player B chooses between:**

Decision N1: Make **no further change** in payoffs

OR

Decision N2: **Decrease** his/her own payoff by \$1 in order to **increase** player A's payoff by \$2

**YOU MUST CIRCLE EITHER DECISION N1 OR DECISION N2 BUT NOT BOTH.**

**DAY 1**

*(Experiment 3: TARGET  $T_{15,5}$ )*

**INSTRUCTIONS**

*Earning \$5*

**Earnings quiz**

In this part of the experiment you will be asked to complete a quiz. Each participant will be asked to answer a set of questions, selected from a large test bank. However, participants in different sessions are asked to provide a different minimum number of correct answers (10, 20, or 30) for which they are paid different amount (\$5, \$10, or \$15, respectively). You have been randomly selected to be in a \$5 session, which means that in order to participate in DAY 2 of the experiment, you have to answer 10 questions correctly. If you provide 10 correct answers, you will receive a certificate for \$5.

**IMPORTANT:** Please bring your certificate to the DAY 2 part of the experiment. It provides your start up money for the second part of the experiment. At the end of the DAY 2 session your experimental earnings will be converted into cash at the 3:4 exchange rate (i.e., each \$0.75 of your experimental earnings will be worth 1 NZD in cash).

Please mark your answer in the quiz by clicking inside the dialog box to the left of the option you want to select.

**DAY 1**

*(Experiment 3: TARGET  $T_{15,5}$ )*

**INSTRUCTIONS**

*Earning \$15*

**Earnings quiz**

In this part of the experiment you will be asked to complete a quiz. Each participant will be asked to answer a set of questions, selected from a large test bank. However, participants in different sessions are asked to provide a different minimum number of correct answers (10, 20, or 30) for which they are paid different amount (\$5, \$10, or \$15, respectively). You have been randomly selected to be in a \$15 session, which means that in order to participate in DAY 2 of the experiment, you have to answer 30 questions correctly. If you provide 30 correct answers, you will receive a certificate for \$15.

**IMPORTANT:** Please bring your certificate to the DAY 2 part of the experiment. It provides your start up money for the second part of the experiment. At the end of the DAY 2 session your experimental earnings will be converted into cash at the 3:4 exchange rate (i.e., each \$0.75 of your experimental earnings will be worth 1 NZD in cash).

Please mark your answer in the quiz by clicking inside the dialog box to the left of the option you want to select.

**DAY 2**

*(Experiment 3: TARGET  $T_{15,5}$ )*

**INSTRUCTIONS****No Talking Allowed**

Now that the experiment has begun, we ask that you do not talk. If you have a question after we finish reading the instructions, please raise your hand and the experimenter will approach you and answer your question in private.

**Show up Fee**

Every participant will get 5 NZD as a show up fee for today's session and, in addition, have the opportunity to earn money in the experiment. Your experimental earnings (in \$) will be converted into cash at the 3:4 exchange rate (i.e., each \$0.75 of your experimental earnings will be worth 1 NZD.) All the money will be paid to you in cash at the end of the experiment.

**Two Groups**

You have been divided randomly into two groups, called Players A and Players B.

**Anonymity**

Each Player A will be randomly paired with a Player B. No one will learn the identity of the player (s)he is paired with.

**Complete Privacy**

This experiment is structured so that no one, neither the experimenters nor the other participants nor anyone else will ever know the personal decision of anyone in the experiment. This is accomplished by the following procedure. You will collect your money payoff, contained in a sealed envelope, from our research assistant in exchange for your experiment ID slip. Your privacy is guaranteed because neither your name nor your student ID number will appear on any form that records your decisions in this experiment. The only identifying mark in all records will be the experiment ID which is known only by you. Although the experimenters will not know your identity, they will know how much to pay you because you will write your experiment ID number on all response forms.

At the end of the experiment, each subject will walk by himself or herself to another room to collect their money payoff envelope from our research assistant who will not be present during the decision making part of the experiment. You will be the only person in possession of your experiment ID slip. When collecting the envelope, you are kindly requested not to open it immediately; you should wait until you leave the building. After collecting the envelope, you must return your experiment ID slip to our research assistant.

**Starting Money Balances**

Your starting balances for this DAY 2 part of the experiment were determined by your performance on DAY 1 of this experiment:

**Each Player A earned \$15 on DAY 1 providing 30 correct answers on the quiz.**



**Each Player B earned \$5 on DAY 1 by providing 10 correct answers on the quiz.**

### **Player A's Decision Task**

- Each Player A decides whether or not to give \$5 to the paired Player B.
- If Player A decides to give \$5 to the paired Player B, (s)he makes his/her decision by circling the **“Player A has decided to give \$5 to Player B”** statement on the decision form. If Player A decides not to give \$5 to the paired Player B, (s)he makes his/her decision by circling the **“Player A has decided to make no change in payoffs”** statement.

Player A is asked to circle **only one** of the two decisions. If Player A does not circle a decision or circles both decisions, (s)he will be paid only the show-up fee at the end of the experiment. After making his/her decision, Player A places the decision form in the manila envelope and waits for the experimenter to collect it.

### **Player B's Decision Task**

Each Player B makes a decision for both of the two possible Player A decisions:

- If **Player A has decided to make no change in payoffs**, Player B chooses between:

Decision N1: Make **no further change** in payoffs

OR

Decision N2: **Decrease** his/her own payoff by \$2 in order to **decrease** player A's payoff by \$6

- If **Player A has decided to give \$5 to Player B**, Player B chooses between:

Decision G1: Make **no further change** in payoffs

OR

Decision G2: **Decrease** his/her own payoff by \$1 in order to **increase** player A's payoff by \$2

Player B makes his/her decisions by circling one of the two possible decisions on each of the two decision forms. Player B is asked to circle **only one** of the two possible decisions on each of the two decision forms. If Player B does not circle any decision or circles both decisions on the same decision form, (s)he will be paid only the show-up fee at the end of the experiment. After making his/her decisions, Player B puts both decision forms in the large manila envelope and waits for the experimenter to collect it.

Note that Player A's decision will determine which decision of Player B will be relevant. However, Players B will not know in advance which one will be chosen. Therefore, please think about your decisions carefully. Are there any questions?

## DECISION FORM FOR PLAYER A (Treatment 15/5)

**Experiment ID of Player A:** \_\_\_\_\_

Player A starts with \$15 he/she earned on DAY 1. Player B starts with \$5 he/she earned on DAY 1.

**DECISION (1): Player A decides to make no change in payoffs**

Subsequently, Player B will decide to:

Make no further change in payoffs

OR

Decrease his/her own payoff by \$2 in order to decrease player A's payoff by \$6

**OR**

**DECISION (2): Player A decides to give \$5 to Player B**

Subsequently, Player B will decide to:

Make no further change in payoffs

OR

Decrease his/her own payoff by \$1 in order to increase player A's payoff by \$2

**YOU MUST CIRCLE EITHER DECISION (1) OR DECISION (2) BUT NOT BOTH.**

## DECISION FORM FOR PLAYER B (Treatment 15/5, page 1)

**Experiment ID of Player B:** \_\_\_\_\_

Player A starts with \$15 he/she earned on DAY 1. Player B starts with \$5 he/she earned on DAY 1.

**IF Player A has decided to make no change in payoffs THEN**

**Player B chooses between:**

Decision N1: Make **no further change** in payoffs

OR

Decision N2: **Decrease** his/her own payoff by \$2 in order to **decrease** player A's payoff by \$6

**YOU MUST CIRCLE EITHER DECISION N1 OR DECISION N2 BUT NOT BOTH.**

## DECISION FORM FOR PLAYER B (Treatment 15/5, page 2)

**Experiment ID of Player B:** \_\_\_\_\_

Player A starts with \$15 he/she earned on DAY 1. Player B starts with \$5 he/she earned on DAY 1.

**IF Player A has decided to give \$5 to Player B THEN**

**Player B chooses between:**

Decision G1: Make **no further change** in payoffs

OR

Decision G2: **Decrease** his/her own payoff by \$1 in order to **increase** player A's payoff by \$2

**YOU MUST CIRCLE EITHER DECISION G1 OR DECISION G2 BUT NOT BOTH.**

**DAY 1**

*(Experiment 3: TARGET<sub>10,10</sub>)*

**INSTRUCTIONS**

*Earning \$10*

**Earnings quiz**

In this part of the experiment you will be asked to complete a quiz. Each participant will be asked to answer a set of questions, selected from a large test bank. However, participants in different sessions are asked to provide a different minimum number of correct answers (10, 20, or 30) for which they are paid different amount (\$5, \$10, or \$15, respectively). You have been randomly selected to be in a \$10 session, which means that in order to participate in DAY 2 of the experiment, you have to answer 20 questions correctly. If you provide 20 correct answers, you will receive a certificate for \$10.

**IMPORTANT:** Please bring your certificate to the DAY 2 part of the experiment. It provides your start up money for the second part of the experiment. At the end of the DAY 2 session your experimental earnings will be converted into cash at the 3:4 exchange rate (i.e., each \$0.75 of your experimental earnings will be worth 1 NZD in cash).

Please mark your answer in the quiz by clicking inside the dialog box to the left of the option you want to select.

**DAY 2***(Experiment 3: TARGET<sub>10,10</sub>)***INSTRUCTIONS****No Talking Allowed**

Now that the experiment has begun, we ask that you do not talk. If you have a question after we finish reading the instructions, please raise your hand and the experimenter will approach you and answer your question in private.

**Show up Fee**

Every participant will get 5 NZD as a show up fee for today's session and, in addition, have the opportunity to earn money in the experiment. Your experimental earnings (in \$) will be converted into cash at the 3:4 exchange rate (i.e., each \$0.75 of your experimental earnings will be worth 1 NZD.) All the money will be paid to you in cash at the end of the experiment.

**Two Groups**

You have been divided randomly into two groups, called Players A and Players B.

**Anonymity**

Each Player A will be randomly paired with a Player B. No one will learn the identity of the player (s)he is paired with.

**Complete Privacy**

This experiment is structured so that no one, neither the experimenters nor the other participants nor anyone else will ever know the personal decision of anyone in the experiment. This is accomplished by the following procedure. You will collect your money payoff, contained in a sealed envelope, from our research assistant in exchange for your experiment ID slip. Your privacy is guaranteed because neither your name nor your student ID number will appear on any form that records your decisions in this experiment. The only identifying mark in all records will be the experiment ID which is known only by you. Although the experimenters will not know your identity, they will know how much to pay you because you will write your experiment ID number on all response forms.

At the end of the experiment, each subject will walk by himself or herself to another room to collect their money payoff envelope from our research assistant who will not be present during the decision making part of the experiment. You will be the only person in possession of your experiment ID slip. When collecting the envelope, you are kindly requested not to open it immediately; you should wait until you leave the building. After collecting the envelope, you must return your experiment ID slip to our research assistant

**Starting Money Balances**

Your starting balances for this DAY 2 part of the experiment were determined by your performance on DAY 1 of this experiment:

**Each Player A earned \$10 on DAY 1 by providing 20 correct answers on the quiz.**

**Each Player B earned \$10 on DAY 1 by providing 20 correct answers on the quiz.**

### **Player A's Decision Task**

- Each Player A decides whether or not to take \$5 from the paired Player B.
- If Player A decides to take \$5 from the paired Player B, (s)he makes his/her decision by circling the **“Player A has decided to take \$5 from Player B”** statement on the decision form. If Player A decides not to take \$5 from the paired Player B, (s)he makes his/her decision by circling the **“Player A has decided to make no change in payoffs”** statement.

Player A is asked to circle **only one** of the two decisions. If Player A does not circle a decision or circles both decisions, (s)he will be paid only the show-up fee at the end of the experiment. After making his/her decision, Player A places the decision form in the manila envelope and waits for the experimenter to collect it.

### **Player B's Decision Task**

Each Player B makes a decision for both of the two possible Player A decisions:

- If **Player A has decided to take \$5 from Player B**, Player B chooses between:

Decision T1: Make **no further change** in payoffs

OR

Decision T2: **Decrease** his/her own payoff by \$2 in order to **decrease** player A's payoff by \$6

- If **Player A has decided to make no change in payoffs**, Player B chooses between:

Decision N1: Make **no further change** in payoffs

OR

Decision N2: **Decrease** his/her own payoff by \$1 in order to **increase** player A's payoff by \$2

Player B makes his/her decisions by circling one of the two possible decisions on each of the two decision forms. Player B is asked to circle **only one** of the two possible decisions on each of the two decision forms. If Player B does not circle any decision or circles both decisions on the same decision form, (s)he will be paid only the show-up fee at the end of the experiment. After making his/her decisions, Player B puts both decision forms in the large manila envelope and waits for the experimenter to collect it.

Note that Player A's decision will determine which decision of Player B will be relevant. However, Player B will not know in advance which one will be chosen. Therefore, please think about your all of decisions carefully. Are there any questions?

## DECISION FORM FOR PLAYER A (Treatment 10/10)

**Experiment ID of Player A:** \_\_\_\_\_

Player A starts with \$10 he/she earned on DAY 1. Player B starts with \$10 he/she earned on DAY 1.

**DECISION (1): Player A decides to take \$5 from Player B**

Subsequently, Player B will decide to:

Make no further change in payoffs

OR

Decrease his/her own payoff by \$2 in order to decrease player A's payoff by \$6

**OR**

**DECISION (2): Player A decides to make no change in payoffs**

Subsequently, Player B will decide to:

Make no further change in payoffs

OR

Decrease his/her own payoff by \$1 in order to increase player A's payoff by \$2

**YOU MUST CIRCLE EITHER DECISION (1) OR DECISION (2) BUT NOT BOTH.**



## DECISION FORM FOR PLAYER B (Treatment 10/10, page 1)

**Experiment ID of Player B:** \_\_\_\_\_

Player A starts with \$10 he/she earned on DAY 1. Player B starts with \$10 he/she earned on DAY 1.

**IF Player A has decided to take \$5 from Player B THEN**

**Player B chooses between:**

Decision T1: Make **no further change** in payoffs

OR

Decision T2: **Decrease** his/her own payoff by \$2 in order to **decrease** player A's payoff by \$6

**YOU MUST CIRCLE EITHER DECISION T1 OR DECISION T2 BUT NOT BOTH.**

## DECISION FORM FOR PLAYER B (Treatment 10/10, page 2)

**Experiment ID of Player B:** \_\_\_\_\_

Player A starts with \$10 he/she earned on DAY 1. Player B starts with \$10 he/she earned on DAY 1.

**IF Player A has decided to make no change in payoffs THEN**

**Player B chooses between:**

Decision N1: Make **no further change** in payoffs

OR

Decision N2: **Decrease** his/her own payoff by \$1 in order to **increase** player A's payoff by \$2

**YOU MUST CIRCLE EITHER DECISION N1 OR DECISION N2 BUT NOT BOTH.**

**IOU Certificate**

August 1, 2010

**\$15 IOU CERTIFICATE****Payable to:** \_\_\_\_\_

**IMPORTANT:** Please bring your IOU certificate to the DAY 2 part of the experiment. It provides your start up money for the second part of the experiment. At the end of the DAY 2 session your experimental earnings will be converted into cash at the 3:4 exchange rate (i.e., each \$0.75 of your experimental earnings will be worth 1 NZD in cash).

**Signed by the experimenter:** \_\_\_\_\_

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