

Ultimatum Game Instructions

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1. GI Instructions

A. INSTRUCTIONS FOR PROPOSERS:

Welcome to this study of decision-making. The study will take between 1 and 1.5 hours including the instructions. The instructions are simple, and if you follow them carefully, you can earn money in addition to your guaranteed \$5 show-up payment. All the money you earn is yours to keep, and will be paid to you in cash after the study ends.

In this study, you have been assigned the role of “Proposer.” You have been randomly matched with another participant who will be in the role of “Responder.” Your earnings will depend on your decisions, as well as on the decisions of the Responder. There will be 9 rounds of this study. On each round you will be randomly paired with a different Responder, who will be one of the people now in the room with you.

On each of the 9 rounds you will be asked to propose a split of a sum of money between yourself and the Responder. The amount of money available in each round will vary, sometimes being \$10, sometimes \$14, and sometimes \$18. In each round you will make an offer to the Responder that specifies how much of the money you will receive and how much of the money he/she will receive.

The amount that you can offer to the Responder can be anything from 0 to all of the dollars, “all of the dollars” being either \$10, \$14, or \$18, depending on how much money is available on that round of the study. **Your earnings in each round of the study will depend on whether or not the Responder accepts your offer. If he/she accepts your offer, both you and the Responder receive the amounts specified in your (accepted) offer for that round. If he/she rejects your offer, both you and the Responder will receive zero earnings for that round.**

After round 9 we will randomly choose one of the 9 rounds to pay off on. It will be equal to the outcome for that round: i.e., the accepted split if the offer is accepted or 0 if the offer is rejected.

B. INSTRUCTIONS FOR RESPONDERS:

Welcome to this study of decision-making. The study will take between 1 and 1.5 hours, including the instructions. The instructions are simple, and if you follow them carefully, you can earn money in addition to your guaranteed \$5 show-up payment. All the money you earn is yours to keep, and will be paid to you in cash after the study ends.

In this study, you have been assigned the role of “Responder.” You have been randomly matched with another participant who is in the role of the “Proposer.” Your earnings will depend on your decisions, as well as on the decision of the Proposer. There will be 9 rounds of this study. On each round you will be randomly paired with a different Proposer, who will be one of the people now in the room with you.

On each of the 9 rounds the Proposer has been asked to propose a split of a sum of money between him/her and you. The amount of money available in each round will vary, sometimes being \$10, sometimes \$14, and sometimes \$18. On each round the Proposer will make an offer that specifies how much of the money you will receive and how much of the money he/she will receive.

The amount that the Proposer proposes for you can be anything from 0 to all of the dollars, “all of the dollars” being either \$10, \$14, or \$18, depending on how much money is available on that round of the study. **On each round you can choose either to accept or to reject each offer. If you accept the offer, both you and the Proposer receive the amounts specified in the offer for that round. If you reject the offer, both you and the Proposer will receive zero earnings for that round.**

After round 9 we will randomly choose one of the 9 rounds to pay off on. It will be equal to the outcome for that round: i.e., the accepted split if the offer is accepted or 0 if the

offer is rejected.

[Displayed on the screen to Proposers:]

Now, please type in your proposed split of the money between yourself and the Responder for the first round of the study. The Responder will then decide whether to accept or reject this offer. After that, we'll go to the second round, and so on until round 9.

[Displayed on the screen to Responders:]

At this time the Proposer will make his/her offer for the first round. You should then indicate if you accept or decline this offer by the Proposer. After that, we'll go to the second round, and so on until round 9.

2. CI Instructions

A. INSTRUCTIONS FOR MANGAGEMENT:

Welcome to this study of business decision-making. The study will take between 1 and 1.5 hours including the instructions. The instructions are simple, and if you follow them carefully, you can earn money in addition to your guaranteed \$5 show-up payment. All the money you earn is yours to keep, and will be paid to you, in cash after the study ends.

In this study, you have been assigned the role of “Management” in a company. You have been randomly matched with another participant who will be in the role of “Labor,” who represents the workers in the company. Your earnings will depend on your decisions, as well as on the decisions of Labor. There will be 9 rounds of this study. On each round you will be randomly paired with a different Labor representative, who will be one of the people now in the room with you.

On each of the 9 rounds you will be asked to propose a split of a sum of money between yourself and Labor. In this company there is profit sharing, so that the amount of money to be split up depends on how much profit the company made that year. The amount of money available in each round will vary, sometimes being \$10, sometimes \$14, and

sometimes \$18. You can think of \$10 as the amount the company has available in a bad year, \$14 is what they have available in an average year, and \$18 is what they have available in a good year. In each round you will make an offer to Labor that specifies how much of the money you will receive and how much of the money he/ she will receive.

The amount that your offer specifies for yourself can be anything from 0 to all of the dollars, “all of the dollars” being either \$10, \$14, or \$18, depending on whether that round of the study represents a bad, average, or good year. **Your earnings in each round of the study will depend on whether or not Labor accepts your offer. If he/she accepts your offer, both you and Labor receive the amounts specified in your (accepted) offer for that round. If he/she rejects your offer, both you and Labor will receive zero earnings for that round.**

After round 9 we will randomly choose one of the 9 rounds to pay off on. It will be equal to the outcome for that round: i.e., the accepted split if the offer is accepted or 0 if the offer is rejected.

B. INSTRUCTIONS FOR LABOR:

Welcome to this study of business decision-making. The study will take between 1 and 1.5 hours including the instructions. The instructions are simple, and if you follow them carefully, you can earn money in addition to your guaranteed \$5 show-up payment. All the money you earn is yours to keep, and will be paid to you, in cash after the study ends. Your confidentiality is assured.

In this study, you have been assigned the role of “Labor” in a company. You represent the workers in the company. You have been randomly matched with another participant who is in the role of the “Management.” Your earnings will depend on your decisions, as well as on the decision of the Management. There will be 9 rounds of this study. On each round you will be randomly paired with a different Management representative, who will be one of the people now in the room with you.

On each of the 9 rounds Management has been asked to propose a split of a sum of

money between him/her and you. In this company there is profit sharing, so that the amount of money to be split up depends on how much profit the company made that year. The amount of money available in each round will vary, sometimes being \$10, sometimes \$14, and sometimes \$18. You can think of \$10 as the amount the company has available in a bad year, \$14 is what they have available in an average year, and \$18 is what they have available in a good year. On each round Management will make an offer that specifies how much of the money you will receive and how much of the money he/she will receive.

The amount that Management proposes for you can be anything from 0 to all of the dollars, “all of the dollars” being either \$10, \$14, or \$18, depending on how much money is available on that round of the study. **On each round you can choose either to accept or to reject each offer. If you accept the offer, both you and the Management receive the amounts specified in the offer for that round. If you reject the offer, both you and the Management will receive zero earnings for that round.**

After round 9 we will randomly choose one of the 9 rounds to pay off on. It will be equal to the outcome for that round: i.e., the accepted split if the offer is accepted or 0 if the offer is rejected.

[Displayed on the screen to Management:]

Now, please type in your proposed split of the money between yourself and Labor for the first round of the study. Labor will then decide whether to accept or reject this offer.

After that, we'll go to the second round, and so on until round 9.

[Displayed on the screen to Labor:]

At this time Management will make his/her offer for the first round. You should then indicate if you accept or decline this offer by Management. After that, we'll go to the second round, and so on until round 9.

3. GT Instructions

A. INSTRUCTIONS FOR PROPOSERS:

Welcome to this study of decision-making. The study will take between 1 and 1.5 hours including the instructions. The instructions are simple, and if you follow them carefully, you can earn money in addition to your guaranteed \$5 show-up payment. All the money you earn is yours to keep, and will be paid to you in cash after the study ends.

You will be working in two person teams. Your teammate will remain the same for all 9 rounds.

In this study, your team has been assigned the role of “Proposer.” You will be randomly matched with another team who will be in the role of “Responder.” Your earnings will depend on your team’s decisions, as well as on the decisions of the Responder. There will be 9 rounds of this study. On each round you will be randomly paired with a different Responder team, who is now in the room with you.

On each of the 9 rounds you will be asked to propose a split of a sum of money between your team and the Responder. The amount of money available in each round will vary, sometimes being \$10, sometimes \$14, and sometimes \$18. In each round you will make an offer to the Responder that specifies how much of the money your team will receive and how much of the money they will receive.

The amount that your team can offer to the Responder can be anything from 0 to all of the dollars, “all of the dollars” being either \$10, \$14, or \$18, depending on how much money is available on that round of the study. **Your earnings in each round of the study will depend on whether or not the Responder accepts your offer. If they accept your offer, both your team and the Responder receive the amounts specified in your (accepted) offer for that round. If they reject your offer, both your team and the Responder will receive zero earnings for that round.**

B. INSTRUCTIONS FOR RESPONDERS:

Welcome to this study of decision-making. The study will take between 1 and 1.5 hours, including the instructions. The instructions are simple, and if you follow them carefully,

you can earn money in addition to your guaranteed \$5 show-up payment. All the money you earn is yours to keep, and will be paid to you in cash after the study ends.

You will be working in two person teams. Your teammate will remain the same for all 9 rounds.

In this study, your team has been assigned the role of “Responder.” You will be randomly matched with another team who is in the role of the “Proposer.” Your earnings will depend on your team’s decisions, as well as on the decisions of the Proposer. There will be 9 rounds of this study. On each round you will be randomly paired with a different Proposer team, who is now in the room with you.

On each of the 9 rounds the Proposer has been asked to propose a split of a sum of money between them and your team. The amount of money available in each round will vary, sometimes being \$10, sometimes \$14, and sometimes \$18. On each round the Proposer will make an offer that specifies how much of the money your team will receive and how much of the money they will receive.

The amount that the Proposer proposes for your team can be anything from 0 to all of the dollars, “all of the dollars” being either \$10, \$14, or \$18, depending on how much money is available on that round of the study. **On each round you can choose either to accept or to reject each offer. If you accept the offer, both your team and the Proposer receive the amounts specified in the offer for that round. If you reject the offer, both your team and the Proposer will receive zero earnings for that round.**

C. INSTRUCTIONS FOR BOTH PROPOSERS AND RESPONDERS.

In deciding what to do as Proposers or as Responders you will need to coordinate your choices with your teammate. Each team will have their own private chat box so that you can communicate with your teammate, discuss strategy and coordinate the team’s choice. Once you and your teammate have entered the same proposal, it will be locked in after 5 seconds, and you can no longer change it.

If you cannot come to an agreement with your teammate within in the time allotted (3

minutes), you will have an additional 30 seconds in which to enter a choice but the chat box will be closed. If after the 30 second warning period you and your teammate are still unable to coordinate your choices but have both submitted different choices, the computer will randomly choose one of them as your team's choice. If only one of you has submitted a choice, that will be your team's choice. Once all of the teams have made their choices, we will move on to the next round of the experiment.

You should use the chat box to coordinate your actions. There are only two rules for the chat box: 1) do not use profanity, and 2) do not identify yourself. Finally, Responder's chat box will be open while Proposers are making their choices, and Proposer's chat box will be open while Responders are making their choices.

Although you will have 3 minutes to coordinate your team's choice, do not plan to use the full 3 minutes if you don't need it, as the program will move on to the next round once all Proposers/Responders have made their choices.

After the 9 rounds have been completed, the computer will randomly choose one of the 9 rounds to pay off on. Your earnings will be equal to the outcome for that round: i.e., the accepted split if the offer is accepted or 0 if the offer is rejected. Each team member will receive the full amount the team received in the randomly selected round, plus the \$5 participation fee. That is, you will not be sharing payoffs with your teammate from the payoff round.

Are there any questions?

[Displayed on the screen to Proposers:]

We are ready to start the first decision round. We will give you an extra minute in this round to familiarize yourself with the chat box and to start communication with your teammate. Now, please type in your proposed split of the money between your team and the Responder for the first round of the study. The Responder will then decide whether to accept or reject this offer. After that, we'll go to the second round, and so on until

round 9.

[Displayed on the screen to Responders:]

We are ready to start the first decision round. At this time the Proposer will make their offer for the first round. You will then accept or decline this offer by the Proposer. After that, we'll go to the second round, and so on until round 9. While the Proposer is making a decision, you are free to chat with your teammate. We will give you an extra minute in this round to familiarize yourself with the chat box and to start communication with your teammate.

4. CT Instructions

A. INSTRUCTIONS FOR MANGAGEMENT:

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In this study, your team has been assigned the role of “Management” in a company. You will be randomly matched with another team who will be in the role of “Labor,” who represents the workers in the company. Your earnings will depend on your team’s decisions, as well as on the decisions of Labor. There will be 9 rounds of this study. On each round you will be randomly paired with a different Labor team, who is now in the room with you.

On each of the 9 rounds you will be asked to propose a split of a sum of money between your team and Labor. In this company there is profit sharing, so that the amount of money to be split up depends on how much profit the company made that year. The amount of money available in each round will vary, sometimes being \$10, sometimes

\$14, and sometimes \$18. You can think of \$10 as the amount the company has available in a bad year, \$14 is what they have available in an average year, and \$18 is what they have available in a good year. On each round you will make an offer to Labor that specifies how much of the money your team will receive and how much of the money they will receive.

The amount that your team can offer to Labor can be anything from 0 to all of the dollars, “all of the dollars” being either \$10, \$14, or \$18, depending on whether that round of the study represents a bad, average, or good year. **Your earnings in each round of the study will depend on whether or not Labor accepts your offer. If they accept your offer, both your team and Labor receive the amounts specified in your (accepted) offer for that round. If they reject your offer, both your team and Labor will receive zero earnings for that round.**

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On each of the 9 rounds Management has been asked to propose a split of a sum of

money between them and your team. In this company there is profit sharing, so that the amount of money to be split up depends on how much profit the company made that year. The amount of money available in each round will vary, sometimes being \$10, sometimes \$14, and sometimes \$18. You can think of \$10 as the amount the company has available in a bad year, \$14 is what they have available in an average year, and \$18 is what they have available in a good year. On each round Management will make an offer that specifies how much of the money your team will receive and how much of the money they will receive.

The amount that Management proposes for your team can be anything from 0 to all of the dollars, “all of the dollars” being either \$10, \$14, or \$18, depending on whether that round of the study represents a bad, average, or good year. **On each round you can choose either to accept or to reject each offer. If you accept the offer, both your team and the Management receive the amounts specified in the offer for that round. If you reject the offer, both your team and the Management will receive zero earnings for that round.**

C. INSTRUCTIONS FOR BOTH MANAGEMENT AND LABOR.

In deciding what to do as Management or as Labor you will need to coordinate your choices with your teammate. Each team will have their own private chat box so that you can communicate with your teammate, discuss strategy and coordinate the team’s choice. Once you and your teammate have entered the same proposal, it will be locked in after 5 seconds, and you can no longer change it.

If you cannot come to an agreement with your teammate within in the time allotted (3 minutes), you will have an additional 30 seconds in which to enter a choice but the chat box will be closed. If after the 30 second warning period you and your teammate are still unable to coordinate your choices but have both submitted different choices, the computer will randomly choose one of them as your team’s choice. If only one of you has submitted a choice, that will be your team’s choice. Once all of the teams have made their choices, we will move on to the next round of the experiment.

You should use the chat box to coordinate your actions. There are only two rules for the chat box: 1) do not use profanity, and 2) do not identify yourself. Finally, Labor's chat box will be open while Management are making their choices, and Management's chat box will be open while Labor are making their choices.

Although you will have 3 minutes to coordinate your team's choice, do not plan to use the full 3 minutes if you don't need it, as the program will move on to the next round once all Management/Labor teams have made their choices.

After the 9 rounds have been completed, the computer will randomly choose one of the 9 rounds to pay off on. Your earnings will be equal to the outcome for that round: i.e., the accepted split if the offer is accepted or 0 if the offer is rejected. Each team member will receive the full amount the team received in the randomly selected round, plus the \$5 participation fee. That is, you will not be sharing payoffs with your teammate from the payoff round.

Are there any questions?

[Displayed on the screen to Management:]

We are ready to start the first decision round. We will give you an extra minute in this round to familiarize yourself with the chat box and to start communication with your teammate. Now, please type in your proposed split of the money between your team and Labor for the first round of the study. Labor will then decide whether to accept or reject this offer. After that, we'll go to the second round, and so on until round 9.

[Displayed on the screen to Labor:]

We are ready to start the first decision round. We will give you an extra minute in this round to familiarize yourself with the chat box and to start communication with your teammate. At this time Management will make their offer for the first round. You should then indicate if you accept or decline this offer by Management. After that, we'll go to the

second round, and so on until round 9.