

## E. Instructions and Procedures

[When people enter the meeting room, they are asked for their name. We have a list of invited candidates. Their name is marked and they are given a sticker with an identity number, which we ask them to stick on their shirt. It is explained that this identity number is unique and allows us to identify them during the exercise while guaranteeing complete confidentiality. This is important, as they are able to earn real money in the exercise.] [They are asked to take a seat in the meeting room. There are two rows of chairs/benches, placed orthogonal to the instruction table. Participants with ID 1-10 are seated on the left row (in increasing order), while participants with ID 11-20 are seated on the right row (in increasing order). Both rows of participants are seated back-to-back. The benches/chairs should be arranged so that no subject can see what another subject is looking at.]

The following instructions are given to all subjects simultaneously while they are seated in the experiment room.

### INSTRUCTIONS

Welcome. Thank you for taking the time to come today. [Introduce Experimenters and Assistants]. Later, you can ask any of us questions during today's programme. For this raise your hand so that we can come and answer your question in private.

We have invited you here, today, because we want to learn about how people in this area make decisions. You are going to be asked to make decisions about money. The money that results from your decisions will be yours to keep.

What you need to do will be explained fully in a few minutes. But first we want to make a couple of things clear.

First of all, this is not our money. We belong to a university, and this money has been given to us for research.

Participation is voluntary. You may still choose not to participate in the exercise.

We also have to make clear that this is research about your decisions. Therefore you cannot talk with others. This is very important. I am afraid that if we find you talking with others, we will have to send you home, and you will not be able to earn any money here today. Of course, if you have questions, you can ask one of us. We also ask you to switch off your mobile phones.

Make sure that you listen carefully to us. You will be able to make a good amount of money here today, and it is important that you follow our instructions.

During today's programme, you will be asked to make one or more choices, which will be explained to you very clearly. Only one of your choices will be selected to determine the money

you will be paid. At the end of the exercise, we will randomly select one of your decisions to be paid out. Any money you earn will be paid out to you privately and confidentially after all parts of the exercise are complete.

Now, before we explain what you need to do, it is really important to bear one more thing in mind. You will be asked to make decisions that are not a matter of getting it right or wrong; they are about what you prefer. However, it is important to think seriously about your choices because they will affect how much money you can take home.

## Part 1

”In the first part of the task you will receive 6000 UGX which will be yours. You will be able to choose how much of these 6000 UGX to invest. You have seven options: invest 0 UGX, invest 1000 UGX, invest 2000 UGX, invest 3000 UGX, invest 4000 UGX, invest 5000 UGX, or invest 6000 UGX. If your investment is successful it is doubled, which means you get a profit equal to the amount of your investment. If your investment is unsuccessful you will lose it, so that you will have a loss equal to what you invested.”

[Invite them to come forward around the table where the options are laid out. All option cards are laid out on the table in increasing order of riskiness (with the zero investment option laid out on the left end of the table). In front of each card there are four white counters and one green counter.]

Your ID: _____		Session: _____				
0 UGX	1000 UGX	2000 UGX	3000 UGX	4000 UGX	5000 UGX	6000 UGX
0 6000	0 7000	0 8000	0 9000	0 10000	0 11000	0 12000
● 6000	● 5000	● 4000	● 3000	● 2000	● 1000	● 0
OO	OO	OO	OO	OO	OO	OO
OO	OO	OO	OO	OO	OO	OO
●	●	●	●	●	●	●

Figure E.1: *Investment Game*

”The choice is between the different options on the table in front of you. You can choose exactly one of these options. Each option consists of one group of 5 counters, where 4 counters are white and 1 is green. Next to each group of counters is a piece of paper which states how much each counter is worth in that option. A white counter indicates the amount you would get

if your investment is successful, while a green counter indicates the value you would get if your investment is unsuccessful.”

”If you invest 6000 UGX, each white counter is worth 12000 UGX and a green counter is worth 0 UGX. If you invest 5000 UGX, each white counter is worth 11000 UGX and a green counter is worth 1000 UGX. If you invest 4000 UGX, each white counter is worth 10000 UGX and a green counter is worth 2000 UGX. If you invest 3000 UGX, each white counter is worth 9000 UGX and a green counter is worth 3000 UGX. If you invest 2000 UGX, each white counter is worth 8000 UGX and a green counter is worth 4000 UGX. If you invest 1000 UGX, each white counter is worth 7000 UGX and a green counter is worth 5000 UGX. If you invest 0 UGX, both a white and green counter have a value of 6000 UGX.”

”After you have made your choice, your earnings will be calculated in the following way. [Show the bag]. We will place the counters from the option you selected into a bag and pick one out without looking. The colour of this counter will determine the amount of money you will get. As there are 4 white counters and only 1 green counter, it is much more likely that you will pick a white counter, than a green counter.” [Show how a green and white counter can be picked out of the bag; dont ask them to pick out a counter, as this example may influence their decisions!]

”Let me give you the following examples [show money with each example]. If you chose to invest 0 and picked a white counter, how much would be your profits? (0 UGX). How much would you go home with? (6000 UGX). If you picked a green counter, how much would be your losses? (0 UGX). How much would you go home with? (6000 UGX).”

”If you chose to invest 6000 and picked a white counter, how much would be your profits? (6000 UGX). How much would you go home with? (12,000 UGX). If you picked a green counter, how much would be your losses? (6000 UGX) How much you go home with? (0 UGX).”

”If you chose to invest 1000 and picked a green counter, how much would be your losses? (1000 UGX). How much would you go home with? (5000 UGX) If you picked a white counter, how much would be your profit? (1000 UGX). How much would you go home with? (7000 UGX, that is the investment of 1000 that is doubled and 5000 which you did not invest).”

”If you chose to invest 5000 and picked a white counter, how much would be your profit? (5000 UGX). How much would you go home with? (11000 UGX). If you picked a green counter, how much would be your losses? (5000 UGX). How much would you go home with? (1000 UGX).”

”If you chose to invest 2000 and picked a green counter, how much would be your losses? (2000 UGX). How much would you go home with? (4000 UGX). If you picked a white counter, how much would be your profit? (2000 UGX). How much would you go home with? (8000

UGX).”

”If you chose to invest 4000 and picked a white counter, how much would be your profit? (4000 UGX). How much would you go home with? (10000 UGX). If you picked a green counter, how much would be your loss? (4000 UGX). How much would you go home with? (2000 UGX).”

”If you chose to invest 3000 and picked a green counter, how much would be your losses? (3000 UGX). How much would you go home with? (3000 UGX). If you picked a white counter, how much would be your profit? (3000 UGX). How much would you go home with? (9000 UGX).”

[Distribute decision cards] ”To make your decision we will use the following decision card. It shows the same 7 options as the ones presented on the table. Out of these 7 options we ask you to select one.” [Show the decision card, and indicate where they can find the different options and how they correspond to the options presented on the table. Explain where they have to indicate their investment choice.]

[Participants return to their seats]

## CONTROL QUESTIONS

”We will now ask some questions to see whether you understood the instructions.”

[The experimenter assistants call each participant one by one. First, they explain the different options again. Then, they ask the following four questions making reference to the decision cards that they carry with them.]

- If you chose to invest 2000 UGX, how much would be your profits if you picked a white counter out of the bag? (2000 UGX) How much would you go home with? (8000 UGX)

- If you chose to invest 5000 UGX, how much would be your losses if you picked a green counter out of the bag (5000 UGX)? How much would you go home with? (1000 UGX)

[For each of the questions, record on the control question card whether they answered it correctly. If the participant gave a wrong answer for at least one of the questions, ask him/her what was not clear. Answer their questions as clearly and accurately as possible. If necessary, clarify the instructions; but not more than once. Retain their decision cards.]

## DECISIONS

[Give each participant a pen.] ”If you have no further questions, we will now begin. Please indicate the investment option you choose. Remember, there are no wrong choices, so you should invest exactly as much as you prefer.”

”We emphasise that it is important that you make your choice in private. Do not show your decision sheet to the other participants. If you need assistance, please raise your hand so that

one of us can come to you to assist you. Once you have made your choice, please fold the decision sheet and raise your hand so that we can come and collect your decision card.”

[The participants remain seated. Experimenter assistants give decision cards to the participants. IDs are already filled in by the experimenters. After the participants have made their choice, they fold their decision card, and we collect them. The central administrator enters investment decisions in an excel data sheet. When all participants have made their decision, Part 1 is complete.]

## **Part 2**

INSTRUCTIONS (*These instructions are for treatment T1. Those for treatments T2 and T3 are identical apart from obvious modifications.*)

[stick posters of investment decision card, profit sharing card and loss sharing card to the wall]

[Participants remain seated.] ”Thank you, you have now all completed the first part of the task. We will now explain the second part of the task. In this part, each of you will be paired with several other persons in the room.”

”In each pair we have two persons: person 1 and person 2. Both persons receive an income of 6000 UGX. In addition, persons 1 have an investment opportunity. These persons will be asked to choose how much to invest of the 6000 UGX. In other words, they are asked to choose again between the different investment options. They may make the same decision that they made in the first part of the task, or they may decide to change their decision, and invest a different amount.”

”If the investment of person 1 is successful (by picking out a white counter of the bag), she may share any of her profit with person 2.”

”If person 1 loses her investment (by picking out a green counter of the bag) person 2 may share part of his income with person 1 to compensate any of the losses.”

”For example, if person 1 chooses to invest 4000 UGX, and the investment is successful (white counter), then the investment is doubled and person 1 has a profit of 4000 UGX. He is then free to share any part of this profit with person 2.”

”If the investment fails, then person 1 loses 4000 UGX and person 2 can choose to share any amount from his/her earnings of 6000 UGX to compensate any of the investment losses of person 1.”

”The possibility to share profits or losses depends on the investment decision of person 1. The

more he invests the more he might be able to share if the investment is successful. Also, the more he invests the more person 2 might be able to compensate if the investment is unsuccessful.”

”To make decisions, we will proceed in the following way. [Distribute and explain investment decision card and profit sharing card]. For persons 1 to make an investment decision they use a similar decision card as before. They mark the option of their preference on their decision card.” [Make use of the poster of the investment decision card to explain how to use it]

”After having made an investment decision, they will be asked whether they would be willing to redistribute part of their profit if their investment is successful. Importantly, this decision will be implemented if the investment is successful (that is, if he picks out the white counter out of the bag.). For this, they make use of the following decision sheet.” [Make use of the poster of the profit sharing card to explain how to use it]. Before making their sharing decision, we ask them to fill in the amount of profits they would get if their investment is successful. This is the maximum amount that they are able to share with the other person. Then they decide how much of these profits they would like to share. They mark the option of their preference on their decision card. This decision will be implemented if they pick out a white counter. We will then ask persons 1 to fold both decision cards and raise their hand so that we can come and collect your decision card.

”The investment decision card (not the profit sharing card!) will then be passed to the persons 2 they are paired with. By doing so, persons 2 will be informed of the investment decision of the person 1 they are paired with. Persons 2 should then look carefully at the investment choice to find out what person 1 would get in case of a successful investment and what he would lose in case of an unsuccessful investment.”

[Distribute and explain the loss sharing card. Make use of the poster of the loss sharing card to explain how to use it] ”Persons 2 are then asked how much losses they would like to compensate in case the investment of person 1 is unsuccessful. For this, they first fill in the amount person 1 would lose in case her investment is unsuccessful. Then, they decide how much of these losses they would like to compensate by sharing part of their income, by marking the option of their preference. This decision will be implemented if the investment of person 1 unsuccessful (that is, if person 1 picks out the green counter out of the bag).”

[Role-play to explain decisions and procedures; making use of the poster]

”You will be paired with several persons in this room. You will never be linked twice with the same person.”

”In some pairs the other person will be from the same village, in other pairs he/she will be from another village.” [Show on the poster of the investment decision card where it will be indicated whether ‘same/different village’]

Pair no	Same village	Person 1	Person 2
Session			

  

0 UGS	1000 UGS	2000 UGS	3000 UGS	4000 UGS	5000 UGS	6000 UGS
○ 6000	○ 7000	○ 8000	○ 9000	○ 10000	○ 11000	○ 12000
● 6000	● 5000	● 4000	● 3000	● 2000	● 1000	● 0
○○	○○	○○	○○	○○	○○	○○
○○	○○	○○	○○	○○	○○	○○
●	●	●	●	●	●	●

Figure E.2: *Investment Game*

"In some pairs you won't know the identity of the person you are paired with, and neither will the other person get to know your identity. In other pairs, you will know the identity of the person you are paired with, and the person you are paired with will know your identity. In the latter case, we will communicate the name of the person you are paired with and show a photograph. We will also communicate your name to that person and show a photograph of you." [Show on the poster of the investment decision card where they can find the names and photographs of both persons].

"For each of the pairs you are involved in you may have to make a decision. For each pair you will receive a new decision card. You may make the same decision or you may invest a different amount for each pair. Only one of the pairs will be selected for your payment."

"Participants with ID 1-10 will be a person 1 in all the pairs in which they are involved. Participants with ID 11-20 will always be a person 2."

## QUESTIONS

"We will now give you the opportunity to ask questions in private. Please raise your hand if you have any questions." [The 2 experimenter assistants and experimenter administrator invite participants with questions to come forward and discuss their questions in private. Answer any remaining questions as clearly and accurately as possible. If necessary, clarify the instructions.]

## DECISIONS

"We will now begin. Remember, there are no right or wrong choices, so make the decision that you prefer."

"Persons 1, we ask you to make an investment decision for the first pair, by marking the option of preference on your decision card." [Assistants distribute the decision cards of pair no 1.]

"To give you complete privacy, we ask you to fold all your decision cards before returning them to one of the experimenter assistants. Raise your hand so that we can come and collect them."

[Experimenter assistants collect decision cards, verify whether participants filled in the correct amount of profit, and did not share more than this amount. If a participant shares more than allowed, assistants will ask the participant to reconsider his choice.]

[When a decision card is collected the profit sharing card is torn off and put in the second partition of the sorting box with the corresponding ID of person 1.]

[The investment decision card is stapled together with a clean loss sharing card. The pair number is filled in, and the set of cards is placed in the sorting box of the corresponding person 2. They are passed to the person 2 if he is not busy with one of the previous pairs.]

[After collecting the set of decision cards from person 2 assistants verify whether the participant filled in the correct amount of losses, and did not compensate more than this amount. If a participant shares more than allowed, assistants will ask the participant to reconsider his choice. Assistants put the set of decision cards in the second partition of the sorting box with the corresponding ID of person 1.]

[Repeat this procedure for pairs 2, 3, 4, 5]

[After all decisions have been made and the experimenter administrator closes the session, the assistants staple the profit sharing cards back to the corresponding investment decision card of the paired person 1].

"Thank you, you have now all completed all parts of the task. Your earnings from all your decisions will now be determined in the following way. As we explained before, we will randomly select one of your 6 decisions to be paid out (1 individual decision, and 5 pairs). For this, we put 6 cards with numbers 1 to 6 on them in a bag, and pick out one card without looking. The number on the card that is picked out determines the decision which will be used to calculate your earnings. [Ask one volunteer to pick out a card] We now invite you to come forward, one by one, to determine your earnings."

"Thank you for coming today, your participation has been greatly appreciated."

[First, persons 1 are called in one by one. We explain them what investment decision they made (including the sharing decision in treatments T1 or T2) as well as the decision made by the



person 2 they were paired with (in treatments T1 or T3, and if one of decisions 2-6 is selected), so that they understand how their earnings are calculated. Then, they pick out a counter from the bag to determine whether their investment is successful or unsuccessful.]

[After all persons 1 received their payment, persons 2 are called in one by one. We explain them what decision they made as well as the decision of the person 1 they were paired with (if one of decisions 2-6 is selected), so that they understand how their earnings are calculated. If decision 1 is selected, persons 2 are also asked to pick out a counter from the bag.]

[After the session, put all used decision cards in one big envelope, and write on it date, time and code of session. Close and seal the envelope.]