

Instructions Appendices

for

Trust, Reciprocity and the Roles of Sex, Value Orientation and Risk Attitudes in an Investment Game

Appendix A: Eliciting Subjects' Value Orientation

Appendix B: Eliciting Subjects' Risk Preferences

Appendix A

Eliciting Subjects' Value Orientation

INSTRUCTIONS

PLEASE DO NOT WRITE ANYTHING ON THE INSTRUCTIONS THIS WILL BE REUSED LATER

This is a decision-making exercise in which you and another person with whom you will be paired can earn money. There are no correct or incorrect decisions for any of the alternatives that will be presented to you.

In this part of the experiment, you will be paired at random with another person, but neither you nor the other person will know the identity of each other. The amount of money that you will earn in this experiment will be affected partially by the decisions you make and partially by the decisions the other person, who is paired with you, makes. Similarly, the amount of money that this person will earn in this experiment will be affected partially by his/her decisions and partially by the decision made by either you or someone else. Details about the experimental procedure are provided below.

There will be twenty-four decision rounds in this part of the experiment. In each round, you will be presented with a **pair** of options labeled “**OPTION A**” and “**OPTION B**”. Each option includes two amounts: one to be received by you and the other to be received by the *other person*, if you select that option. Each option will give different values for the amount to be received by you and the amount to be received by the other person. You will have to choose either “**OPTION A**” or “**OPTION B**”. The other person will be presented by the same two options and he/she will have to choose one of the two options. You will receive NO information about the other person’s decisions during the session, and vice versa.

All amounts will be denominated in Liras. Liras will be converted to dollars at the rate of **20 Liras = One dollar**.

Here is an example of the kind of decision you will be asked to make. The following pair of options could be shown to you on the overhead transparency:

OPTION A		OPTION B	
<u>You Receive</u>	<u>Other Receives</u>	<u>You Receive</u>	<u>Other Receives</u>
23	18	20	25

For the above pair of options, you and the other person receive a **positive payoff** regardless of your choice. You must select either **OPTION A** or **OPTION B**. You record your selection (**A** or **B**) on your record sheet, and fill in the amounts you have assigned to yourself and to the other person.

Here is another example of the kind of decision you will be asked to make. The following pair of options could be shown to you on the overhead transparency:

OPTION A		OPTION B	
<u>You Receive</u>	<u>Other Receives</u>	<u>You Receive</u>	<u>Other Receives</u>
-15	25	-10	22

In the above example, your payoff is *negative* for both options, while the payoff assigned to the other person is *positive* for both options. Positive amounts will be added to your accumulated balance of payoffs, while negative amounts will be subtracted from your accumulated balance of payoffs.

Your total earnings from the experiment will be the sum of the payoffs that you assigned to *yourself* in each round **PLUS** the sum of the payoffs that the other person assigned to you.

After the twenty-four decision rounds are completed, you should total your earnings and the other person's earnings. A monitor will check your calculations, collect your record sheet, and give you a questionnaire to complete.

While you are completing the questionnaire, the monitor will copy the total amount assigned to you by the other person and add it to the total amount you assigned to yourself to determine the total earnings for this experiment.

After these calculations are made, you will be called to the front of the room to be paid and return your completed questionnaire. Please remain seated until everyone has paid and all questionnaires have been collected.

Earnings Record Sheet

Student ID # _____

Assigned Subject # _____

Round	Option Selected	Payoff	
		You Receive	Other Receives
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
Total			
DO NOT WRITE IN THESE ROWS		<i>Total from your decisions</i>	
		Total from other's decisions	
		Grand Total	

DECISION CHOICES

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
1	26	97	50	87

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
2	71	71	87	50

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
3	-26	-97	-50	-87

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
4	71	-71	50	-87

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
5	87	-50	71	-71

DECISION CHOICES (Continued)

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
6	-100	0	-97	26

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
7	-26	97	0	100

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
8	100	0	97	-26

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
9	-87	-50	-97	-26

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
10	26	-97	0	-100

DECISION CHOICES (Continued)

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
11	97	-26	87	-50

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
12	-87	-50	-71	-71

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
13	0	100	26	97

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
14	-71	71	-50	-87

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
15	87	50	97	26

DECISION CHOICES (Continued)

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
16	50	87	71	71

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
17	-71	-71	-87	-50

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
18	-50	-87	-71	-71

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
19	50	-87	26	-97

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
20	0	-100	-26	-97

DECISION CHOICES (Continued)

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
21	-97	-26	-100	0

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
22	97	26	100	0

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
23	-50	87	-26	-97

Round #	Option A		Option B	
	You Receive	Other Receives	You Receive	Other Receives
24	-97	26	-87	50

Appendix B

Eliciting Subjects' Risk Preferences

Instructions

In this research, you will be given several opportunities to earn monetary prizes. Each prize will be worth 100 francs. At the end of the experiment, your total earnings in francs will be converted to dollars at a rate of 100 francs = \$1.00 and will be paid to you in real cash, so you can earn a considerable amount in total.

We will always start by giving you a specified percentage chance to earn the 100 francs prize. For example, we might give to you a 50 chance to earn the prize. We will do this several times with different percentages.

Each time we play the game, you will have the opportunity to sell back your chance of the prize for a certain amount to be paid to you immediately. You will write down the lowest amount which you would be willing to take in exchange for your chance to win 100 francs.

How does the game work?

First, we will tell you your percentage chance of winning the 100 francs Prize. This will be a number between 1 and 100. You will then be asked to write down the lowest amount which you would be willing to accept in exchange for your chance at the prize. We will call this amount your "minimum selling price."

After you write down your minimum selling price, we will ask someone to draw a card at random from a deck of 100 cards. These cards are printed with values from 1 franc to 100 francs. If the amount shown on the card is equal to or greater than your minimum selling price, we will give you the amount shown on the card in real cash. If the amount shown on the card is less than your minimum selling price, you will play the lottery at the specified percentage with a chance to win the 100 francs prize.

Example: Suppose the amount shown on the card is 46 francs. If your minimum selling price was 40 francs, we would pay you 46 francs immediately. If your minimum selling price was 60 francs, you would play a lottery with a percentage chance to win 100 francs.

How does the lottery work?

If you play the lottery, we will ask someone to draw another card from a different deck which has 100 cards, numbered from 1 to 100. If the number shown on the card drawn is equal to or smaller than the percentage chance of winning, you will win the lottery, and we will immediately pay you 100 francs. But if the number shown on the cards drawn is greater than the percentage chance of winning, you will lose the lottery and will get paid nothing.

WINNING SHEET

Subject ID # _____

(1) Trial	(2) Chance of Winning 100 Francs	(3) Your Minimum Selling Price	(4) Random Price Drawing	(5) Random Number Drawing	(6) Your Cash Winning
1	-----%	francs	francs		francs
2	-----%	francs	francs		francs
3	-----%	francs	francs		francs
4	-----%	francs	francs		francs
5	-----%	francs	francs		francs
6	-----%	francs	francs		francs
7	-----%	francs	francs		francs
8	-----%	francs	francs		francs
9	-----%	francs	francs		francs
10	-----%	francs	francs		francs
11	-----%	francs	francs		francs
12	-----%	francs	francs		francs
13	-----%	francs	francs		francs
14	-----%	francs	francs		francs
15	-----%	francs	francs		francs
16	-----%	francs	francs		francs
17	-----%	francs	francs		francs
18	-----%	francs	francs		francs
19	-----%	francs	francs		francs
20	-----%	francs	francs		francs
21	-----%	francs	francs		francs
22	-----%	francs	francs		francs
23	-----%	francs	francs		francs

24	-----%	francs	francs		francs
25	-----%	francs	francs		francs
26	-----%	francs	francs		francs
27	-----%	francs	francs		francs
28	-----%	francs	francs		francs