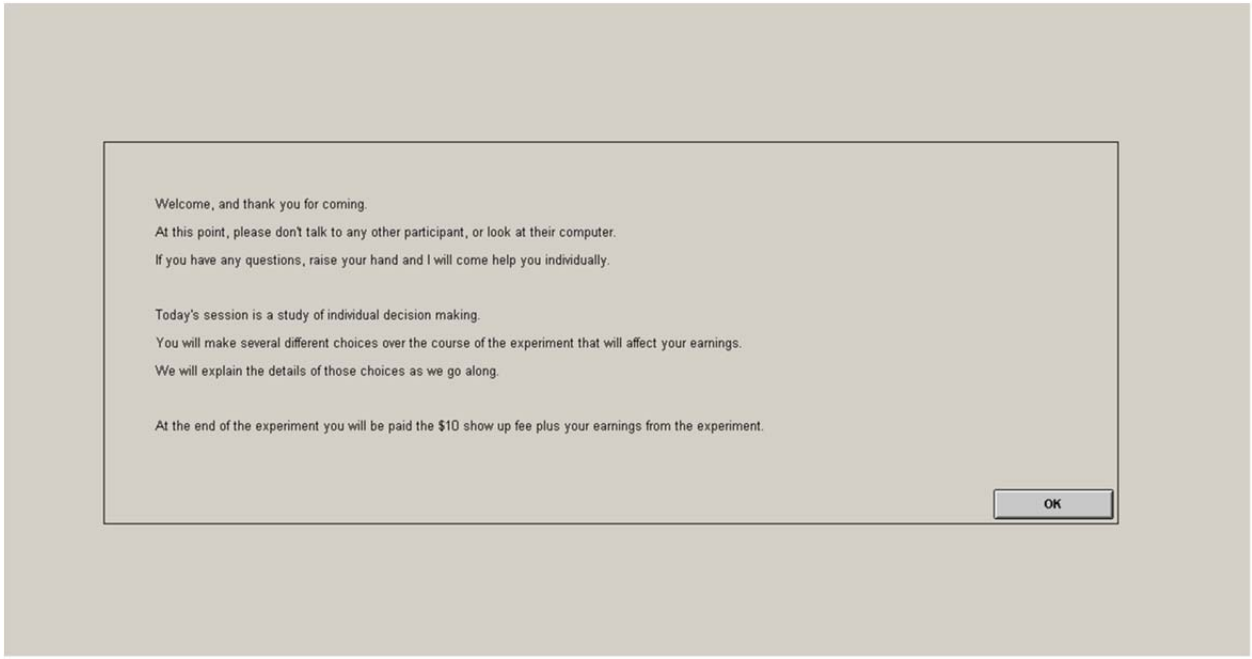
Incentive Schemes, Sorting and Behavioral Biases of Employees: Experimental Evidence

Ian Larkin
Stephen Leider

Web Appendix

EXPERIMENT INSTRUCTIONS

GENERAL INSTRUCTIONS:



Throughout the experiment, you will be performing the Multiplication Task.

In the Multiplication Task, you will try to solve correctly as many multiplication problems as possible within two and a half minutes.

You may not use a calculator, but you may use scrap paper to answer the questions.

There are five different difficulty levels for multiplication problems in the Multiplication Task.

Here are examples of each difficulty level:

Difficulty 1: What is 24 times 3?

Difficulty 2: What is 37 times 4?

Difficulty 3: What is 45 times 8?

Difficulty 4: What is 73 times 9?

Difficulty 5: What is 89 times 8?

OK

At the end of each Multiplication Task, your score for the task will be the number of correct answers you gave minus half the number of incorrect answers.

For example, if you answered four questions correctly and four questions incorrectly, your score would be:

$4 - 4 * (1/2) = 4 - 2 = 2$

If instead you answered five questions correctly and three questions incorrectly, your score would be:

$5 - 3 * (1/2) = 5 - 1.5 = 3.5$

Your payoff for each Multiplication Task will depend on your score. In all cases you will earn more when your score is higher.

OK

There will be a total of nine Multiplication Tasks in this experiment.

Each task will also have some additional questions where you can increase your payoff for that task.

There will also be a Trivia Task, which will work similarly to the Multiplication Tasks.

At the end of the experiment, two of the ten Tasks will be randomly selected for payment.

At the end of the experiment there will also be several Situations. For each Situation you will make a choice.

One Situation will be randomly selected, and you will be paid based on your choice for that Situation.

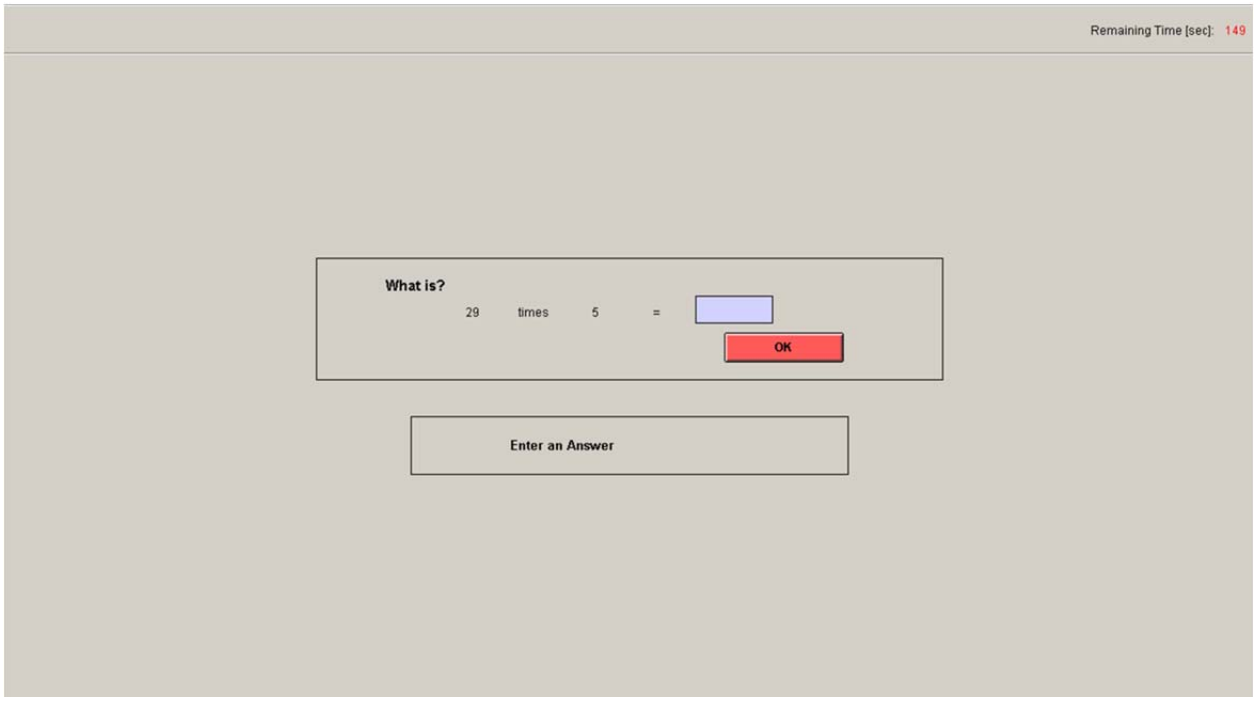
Your total earnings for the experiment will be:

Your $10 show up fee + Your earnings for the two randomly selected Multiplication Tasks

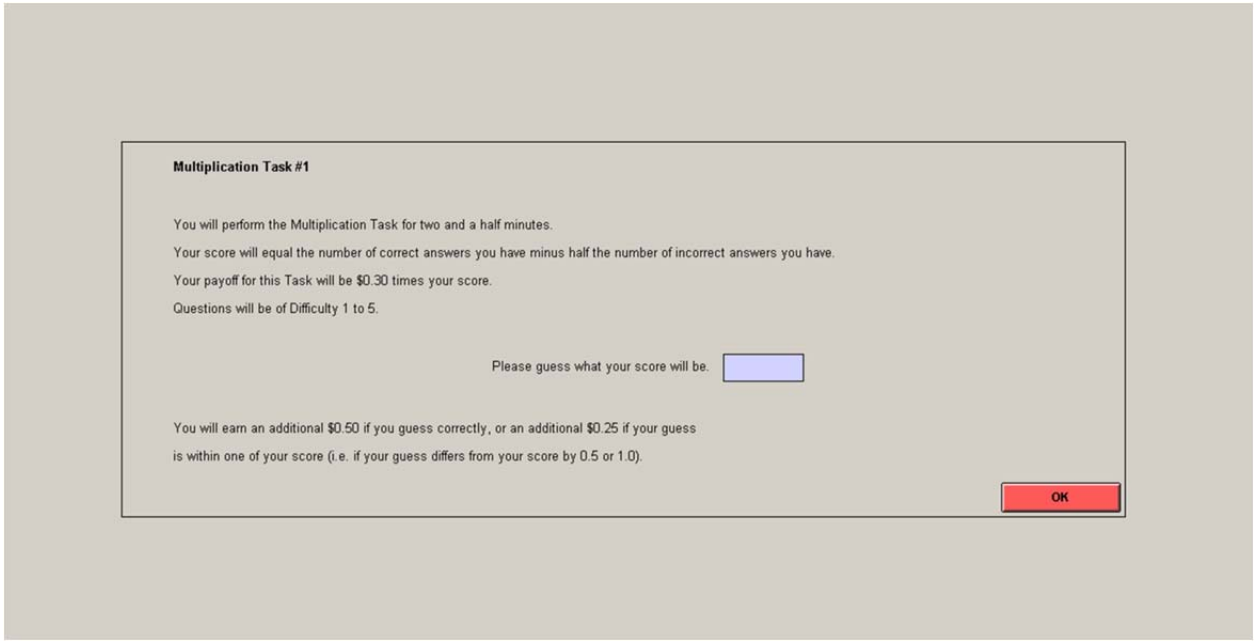
+ Your earnings for the randomly selected Situation at the end of the experiment.

OK

SAMPLE QUESTION (same for all multiplication rounds and all treatments):



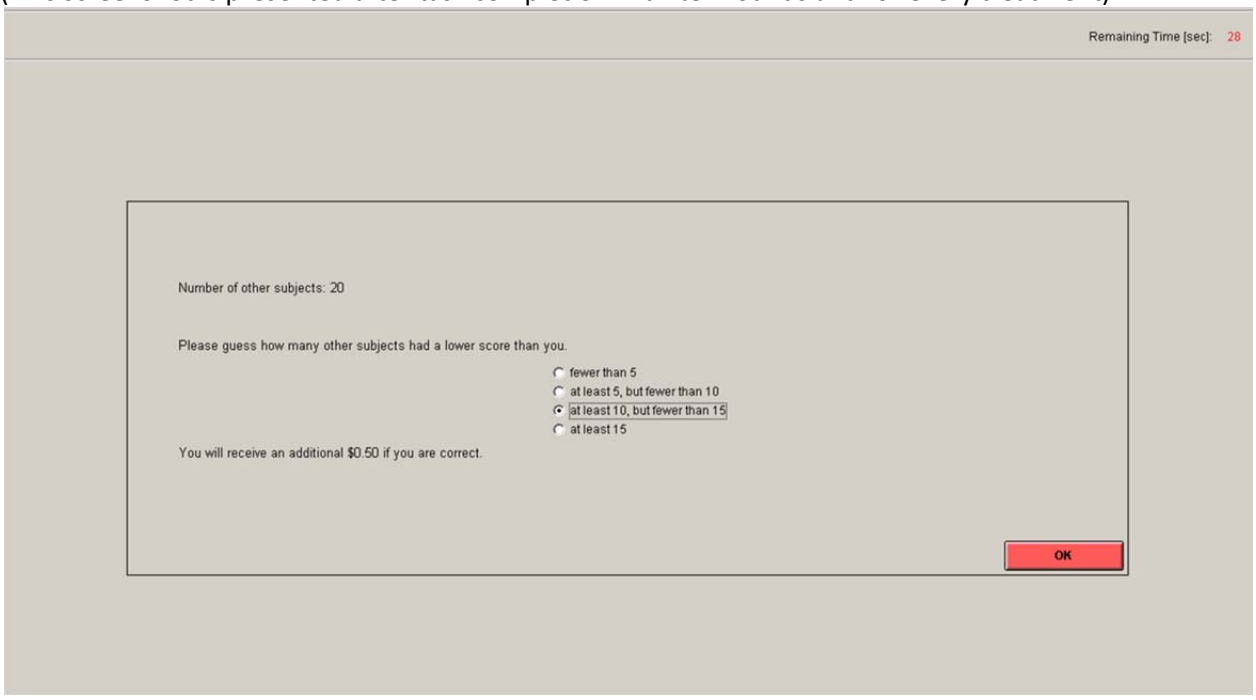
PRACTICE ROUNDS 1-2:



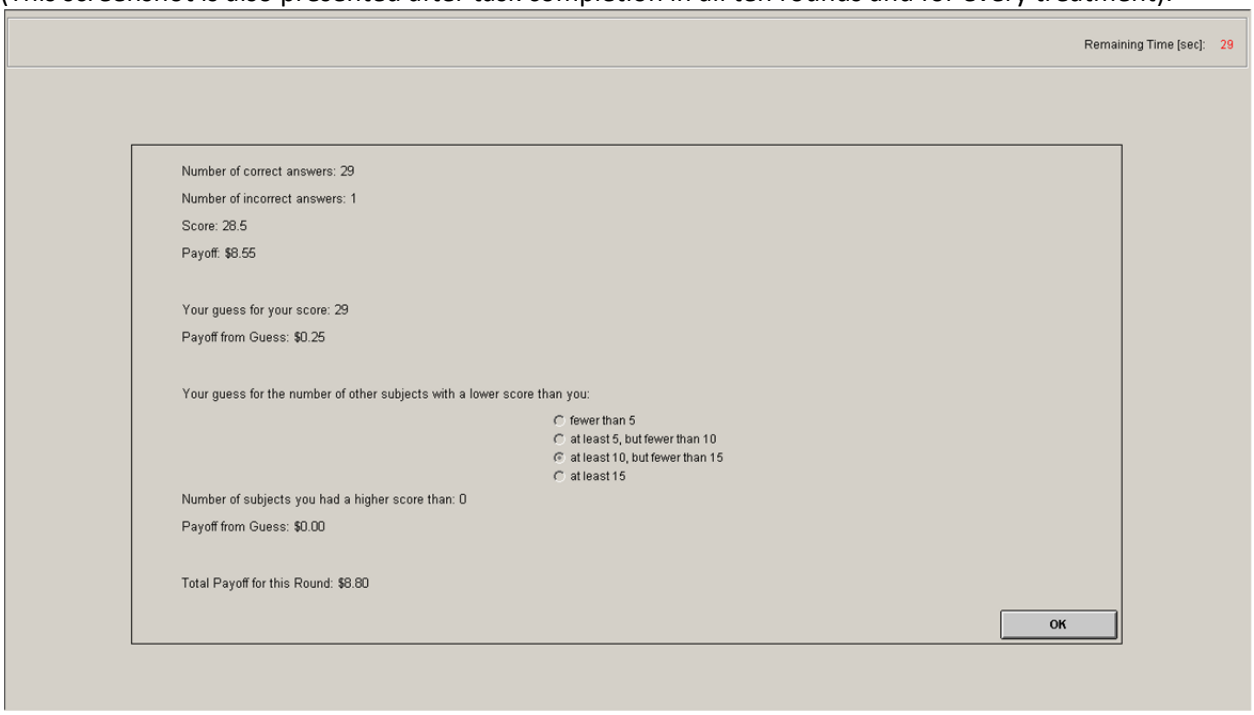
(Presented prior to every task):



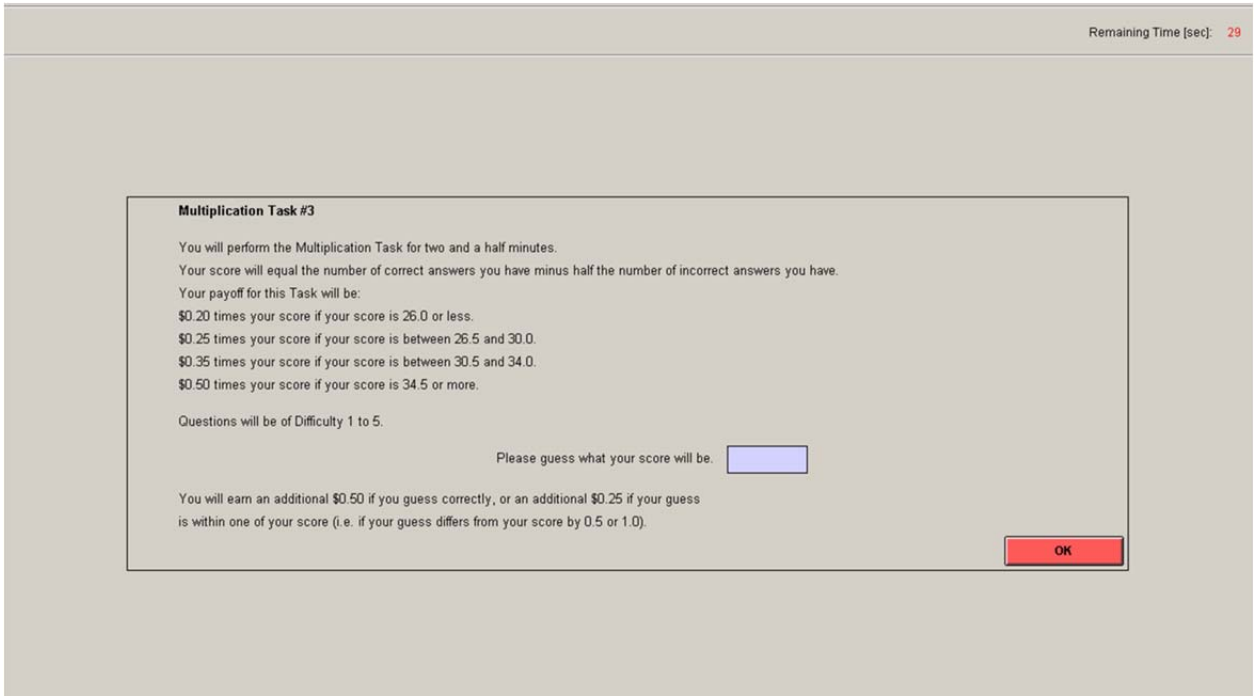
(This screenshot is presented after task completion in all ten rounds and for every treatment):



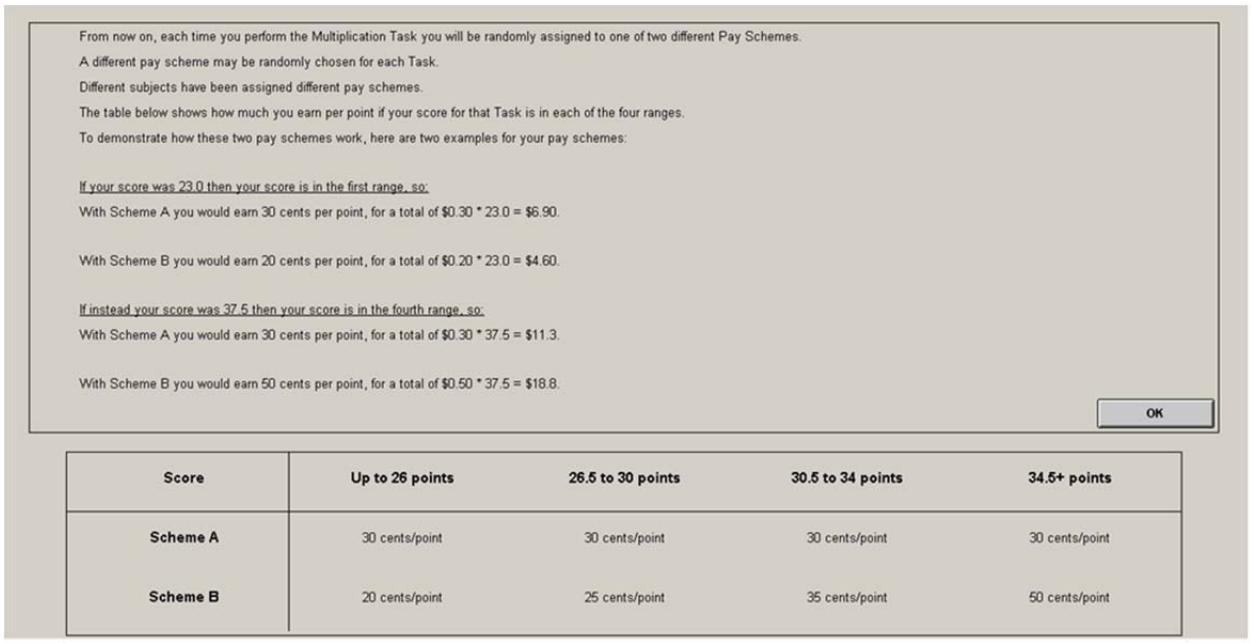
(This screenshot is also presented after task completion in all ten rounds and for every treatment):



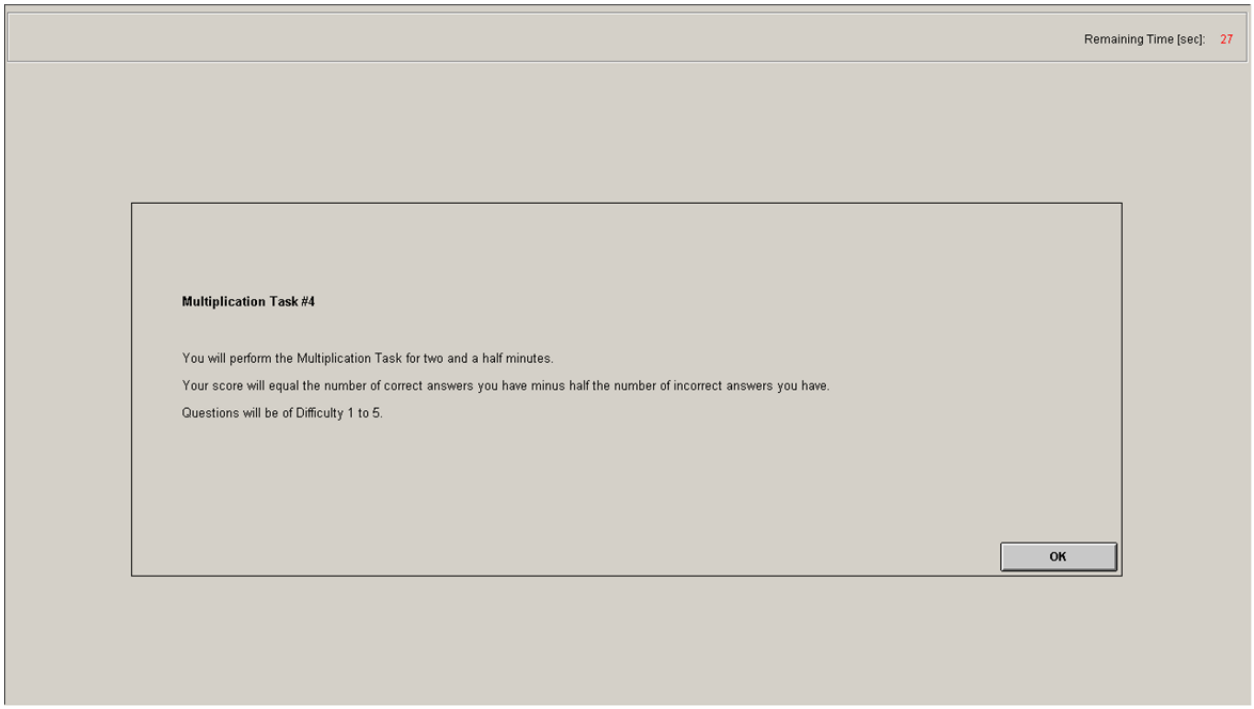
PRACTICE ROUND 3:
(Cutoffs adjust based on the maximum score achieved in practice rounds 1 & 2. The example seen here is based on a maximum practice score of 28.5).

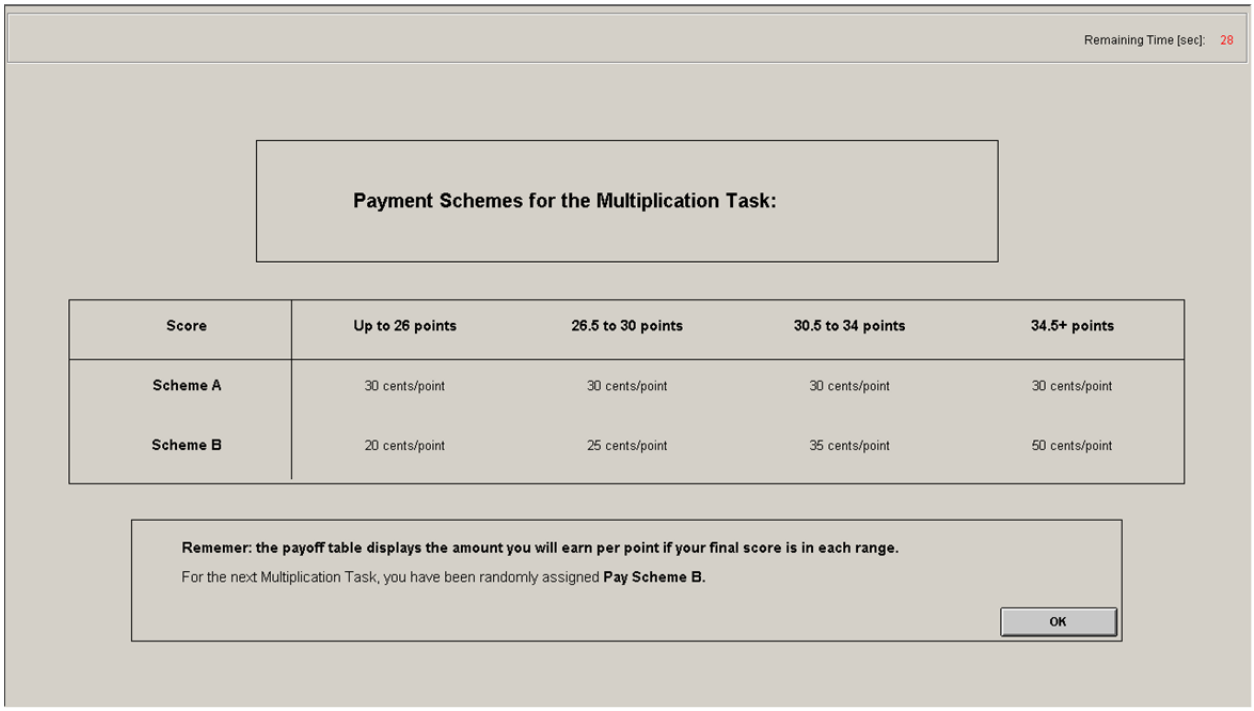


ROUNDS 4-9 No-Choice Treatment:

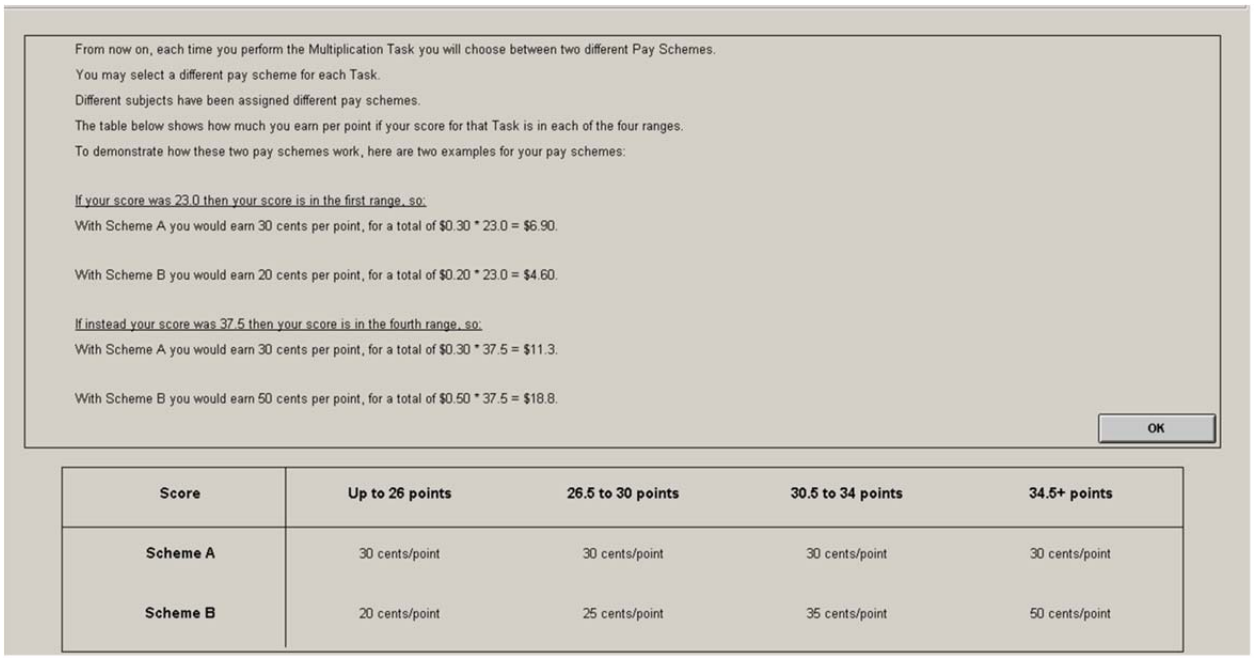


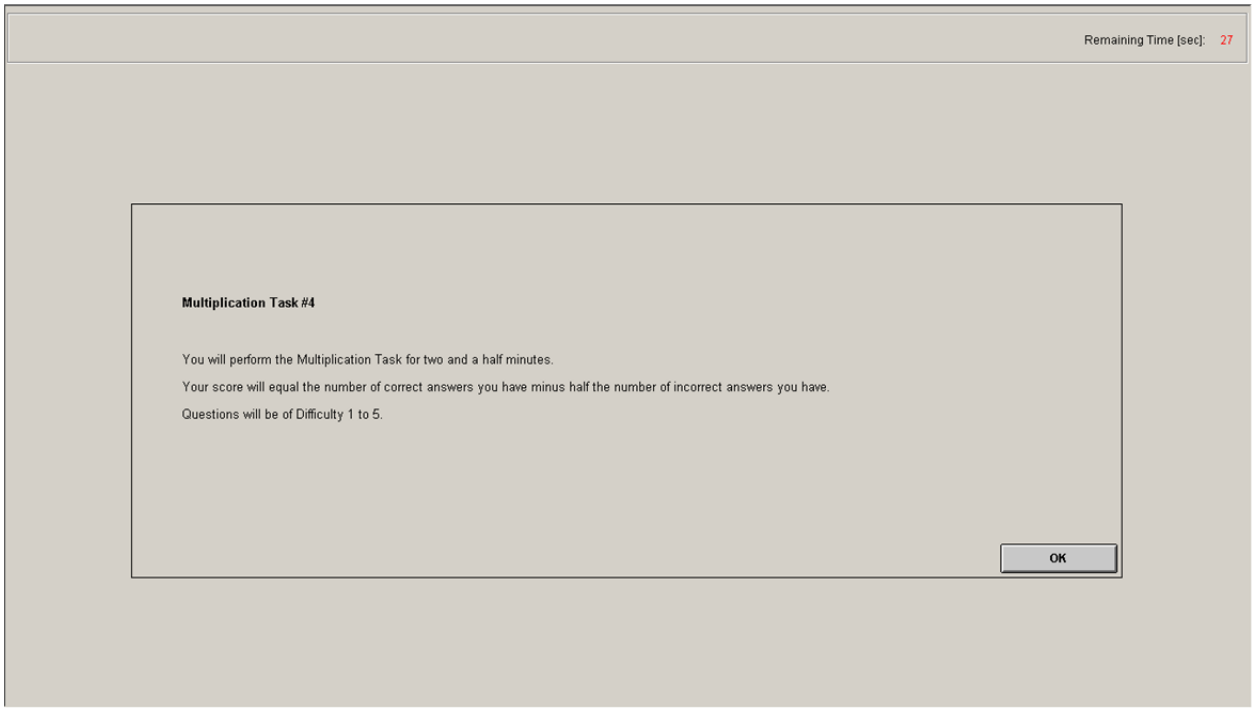
Score	Up to 26 points	26.5 to 30 points	30.5 to 34 points	34.5+ points
Scheme A	30 cents/point	30 cents/point	30 cents/point	30 cents/point
Scheme B	20 cents/point	25 cents/point	35 cents/point	50 cents/point

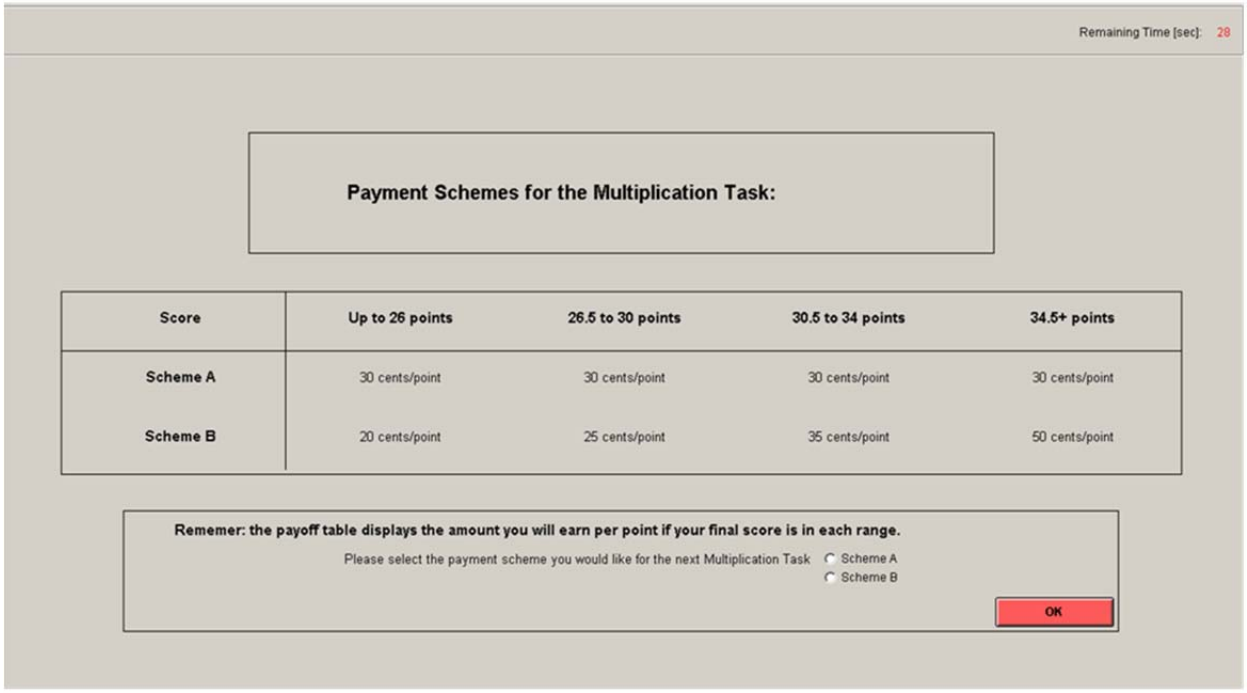




ROUNDS 4-9 Choice Treatment / ROUNDS 4-6 Escalate Treatment:

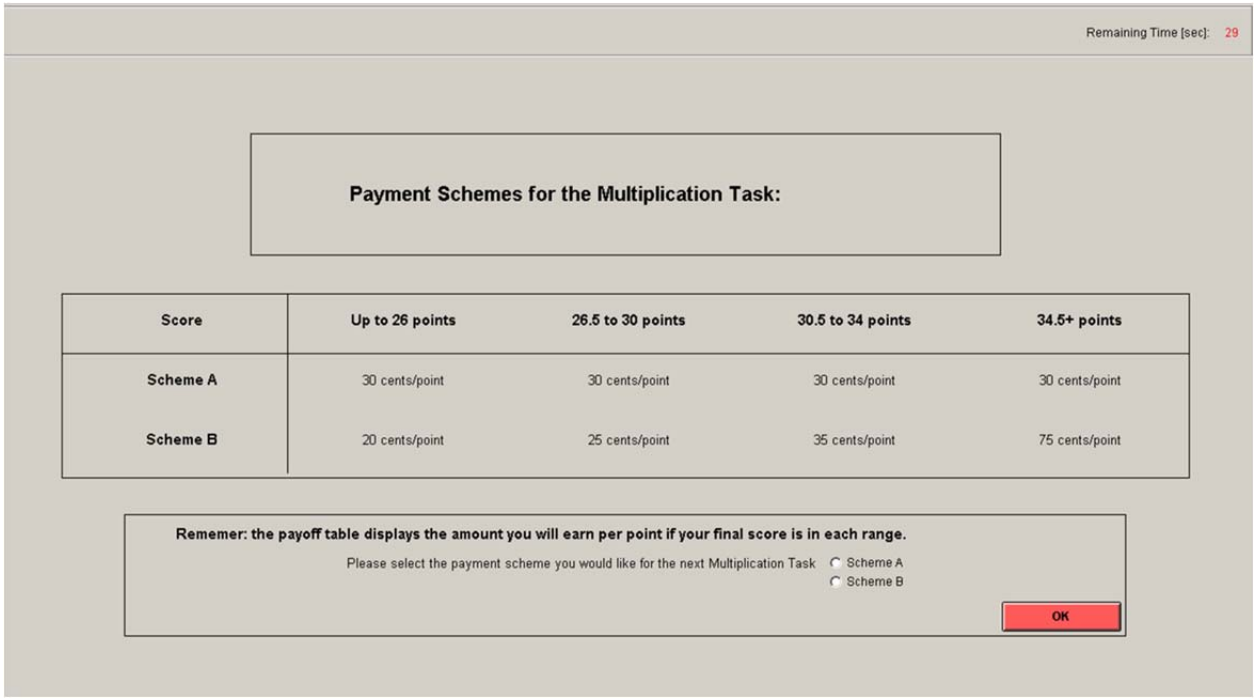



Remaining Time [sec]: 27
Multiplication Task #4
You will perform the Multiplication Task for two and a half minutes.
Your score will equal the number of correct answers you have minus half the number of incorrect answers you have.
Questions will be of Difficulty 1 to 5.
OK

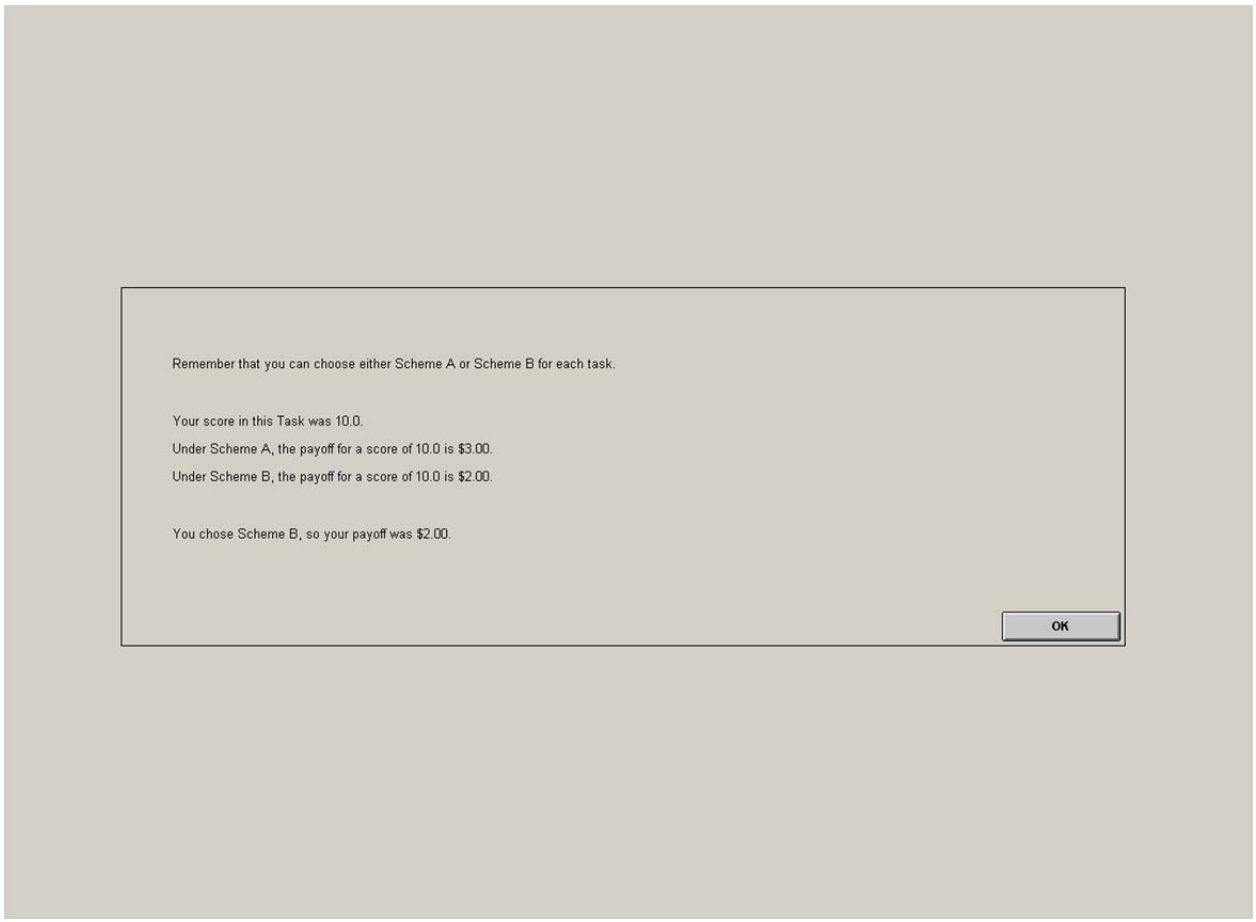

Remaining Time [sec]: 28
Payment Schemes for the Multiplication Task:
Score
Up to 26 points
26.5 to 30 points
30.5 to 34 points
34.5+ points
Scheme A
30 cents/point
30 cents/point
30 cents/point
30 cents/point
Scheme B
20 cents/point
25 cents/point
35 cents/point
50 cents/point
Rememer: the payoff table displays the amount you will earn per point if your final score is in each range.
Please select the payment scheme you would like for the next Multiplication Task
Scheme A
Scheme B
OK

ROUNDS 7-9 Escalate Treatment:

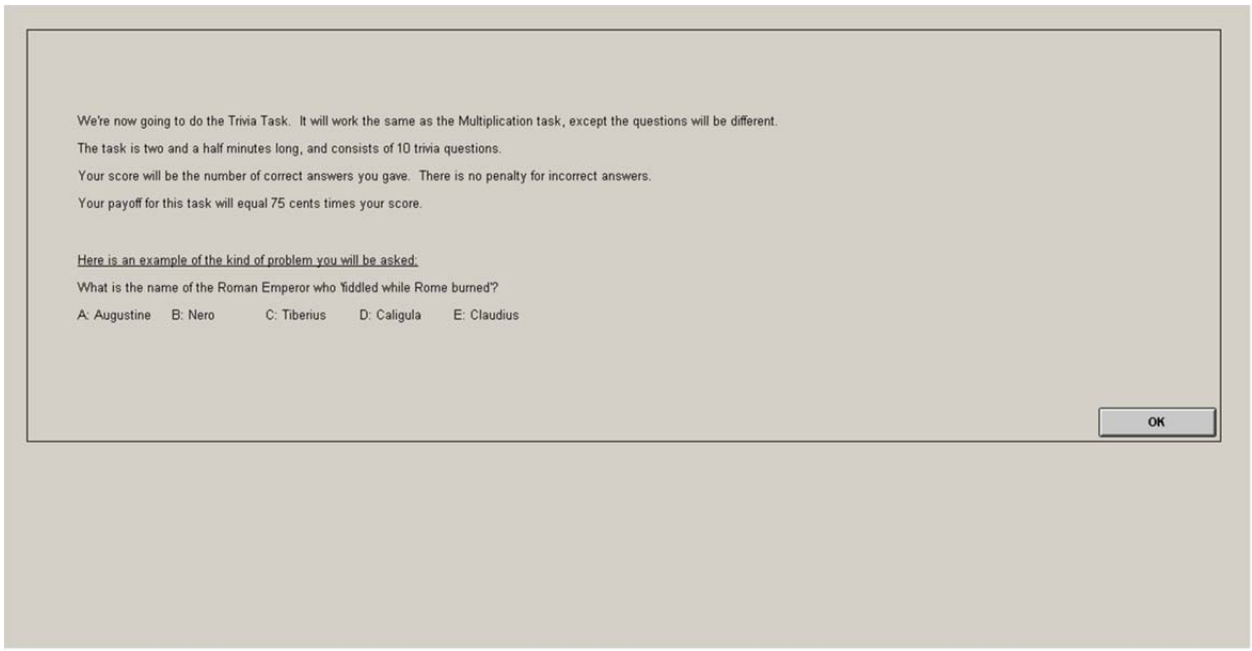




FEEDBACK TREATMENT (shown after Round 6 results):

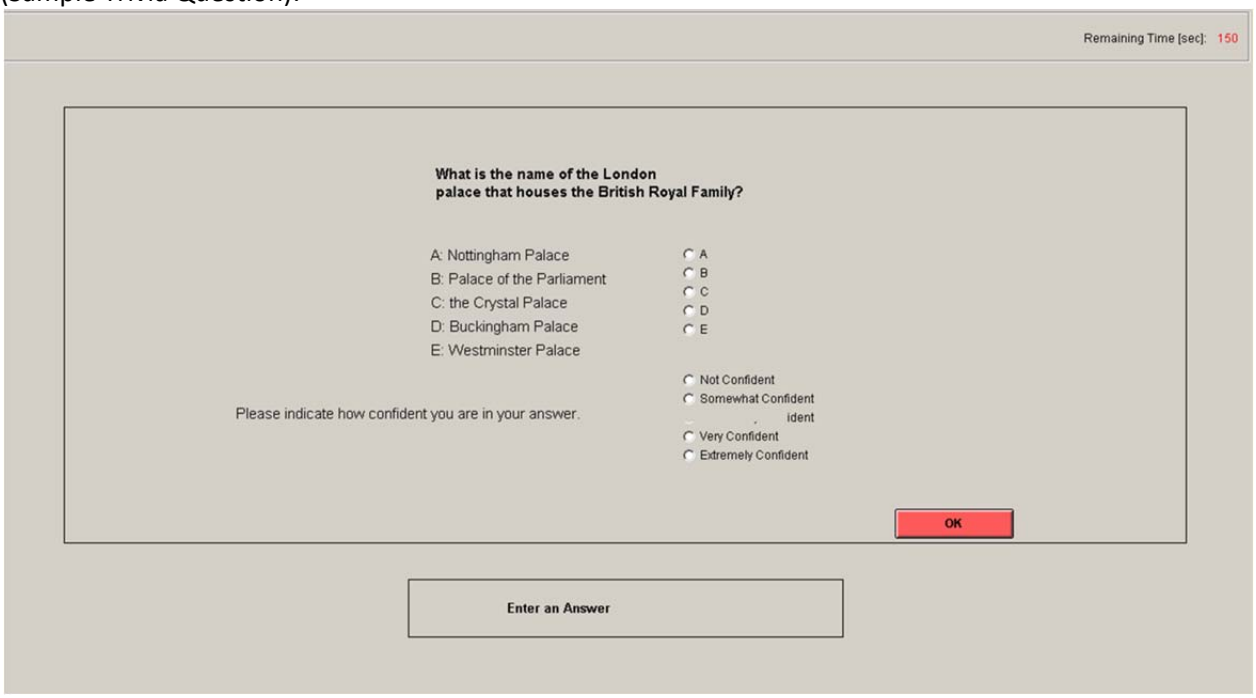


TRIVIA:


We're now going to do the Trivia Task. It will work the same as the Multiplication task, except the questions will be different.
The task is two and a half minutes long, and consists of 10 trivia questions.
Your score will be the number of correct answers you gave. There is no penalty for incorrect answers.
Your payoff for this task will equal 75 cents times your score.
Here is an example of the kind of problem you will be asked:
What is the name of the Roman Emperor who 'fiddled while Rome burned'?
A: Augustine B: Nero C: Tiberius D: Caligula E: Claudius
OK


Remaining Time [sec]: 30
Please guess how many correct answers you will have (between 0 and 10).
You will earn an additional $0.50 if you guess correctly, or an additional $0.25 if your guess
is within one of the number of correct answers.
OK

(Sample Trivia Question):



RISK:



For each Situation, please select either the Fixed Payoff, or the Lottery.

Stiuation	Lottery	Fixed Payoff	I choose
1	50% Chance $4.00 and 50% Chance $0.00	$0.25	Lottery ○ ○ Fixed Payoff
2	50% Chance $4.00 and 50% Chance $0.00	$0.50	Lottery ○ ○ Fixed Payoff
3	50% Chance $4.00 and 50% Chance $0.00	$0.75	Lottery ○ ○ Fixed Payoff
4	50% Chance $4.00 and 50% Chance $0.00	$1.00	Lottery ○ ○ Fixed Payoff
5	50% Chance $4.00 and 50% Chance $0.00	$1.25	Lottery ○ ○ Fixed Payoff
6	50% Chance $4.00 and 50% Chance $0.00	$1.50	Lottery ○ ○ Fixed Payoff
7	50% Chance $4.00 and 50% Chance $0.00	$1.75	Lottery ○ ○ Fixed Payoff
8	50% Chance $4.00 and 50% Chance $0.00	$2.00	Lottery ○ ○ Fixed Payoff
9	50% Chance $4.00 and 50% Chance $0.00	$2.25	Lottery ○ ○ Fixed Payoff
10	50% Chance $4.00 and 50% Chance $0.00	$2.50	Lottery ○ ○ Fixed Payoff
11	50% Chance $4.00 and 50% Chance $0.00	$2.75	Lottery ○ ○ Fixed Payoff
12	50% Chance $4.00 and 50% Chance $0.00	$3.00	Lottery ○ ○ Fixed Payoff
13	50% Chance $4.00 and 50% Chance $0.00	$3.25	Lottery ○ ○ Fixed Payoff
14	50% Chance $4.00 and 50% Chance $0.00	$3.50	Lottery ○ ○ Fixed Payoff
15	50% Chance $4.00 and 50% Chance $0.00	$3.75	Lottery ○ ○ Fixed Payoff

Select either the Fixed Payoff or the Lottery for each Situation before clicking OK.

OK

(Sample Result):

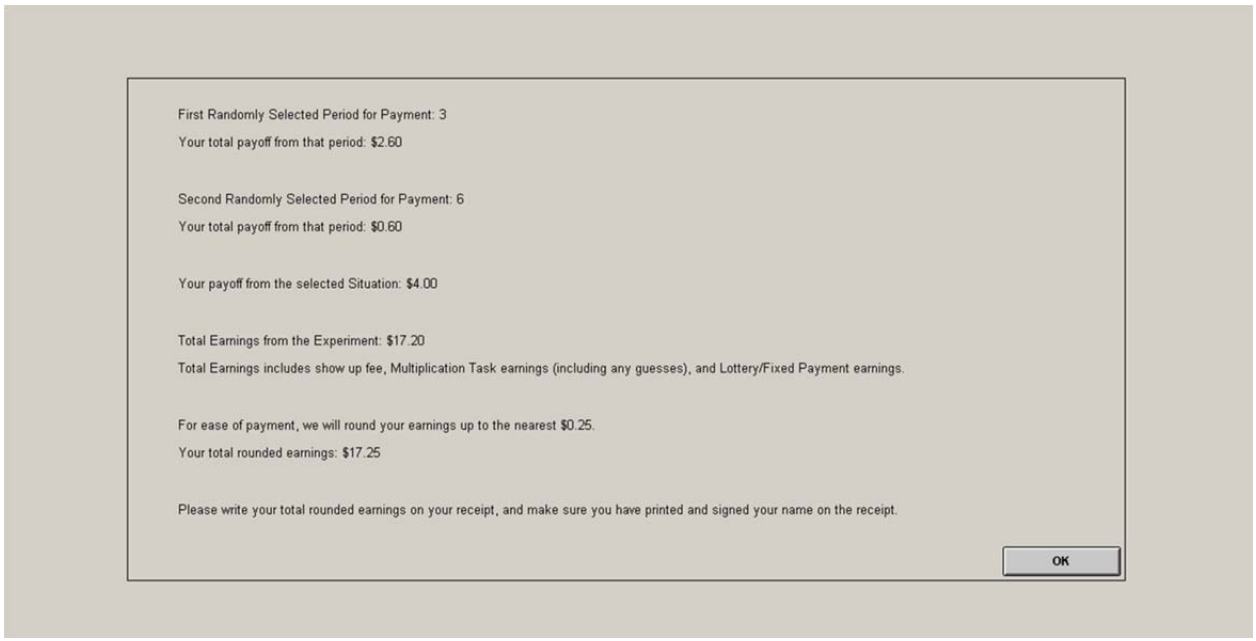
The computer has selected Situation 5 for payment.

In this situation you chose to have the Lottery (50% Chance $4.00 and 50% Chance $0.00).

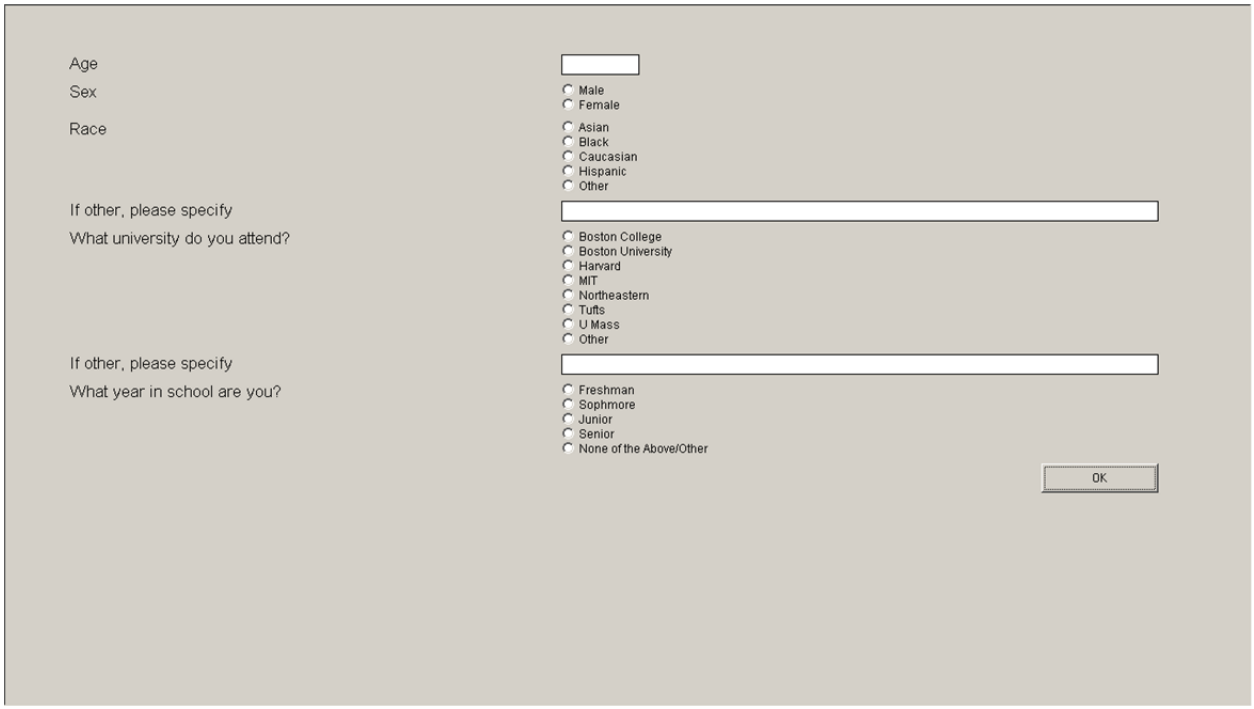
The result of the Lottery is that you received $4.00.

OK

TOTAL PAYOFF REPORT:



QUESTIONNAIRE:



What kind of company or organization do you expect to work at after graduation?

- ○ Traditional manufacturing (automotive, chemical, aerospace, etc.)
- ○ Technology (hardware, software, technology services, etc.)
- ○ Financial Services (banking, insurance, investment products, etc.)
- ○ Other professional services (legal, consulting, accounting, real estate, etc.)
- ○ Arts/entertainment/media/journalism
- ○ Health care
- ○ Education
- ○ Government services (including military)
- ○ None of the above
- ○ Don't know

What kind of job do you expect to have after graduation?

- ○ Engineer or computing/technical professional
- ○ Management
- ○ Sales
- ○ Marketing
- ○ White-collar (banking, consultant, lawyer)
- ○ Doctor or other health care professional
- ○ Professor or teacher
- ○ Researcher
- ○ Administrative/clerical
- ○ Artist/entertainment/writer
- ○ None of the above
- ○ Don't know

What do you expect your salary to be in 5 years (to the nearest $5,000

What do you expect your salary to be in 20 years (to the nearest $5,000

Have you participated in a CLER experiment before?

- ○ No
- ○ Yes

OK

On the following screens, there are phrases describing an event or outcome. Please use the rating scale below to describe how how likely the event is to occur to you, compared to to other people you know of the same sex as you are, and roughly your same age? Please read each statement carefully, and then fill in the bubble that describes you best.

	Much Less Likely	Somewhat Less Likely	About As Likely	Somewhat More Likely	Much More Likely
Living past 90 years old	○	○	○	○	○
Developing a drinking problem at some point in life	○	○	○	○	○
Tripping and breaking a bone	○	○	○	○	○
Getting a long-term job within 5 years that you like very much	○	○	○	○	○
Not getting a serious cold or flu in the next 12 months	○	○	○	○	○
Getting a job in the next 5 years that pays more than $75,000/year	○	○	○	○	○
Having a mid-life crisis around age 40	○	○	○	○	○
Getting laid off at some point in the future because the company downsizes or goes out of business	○	○	○	○	○
Buying a home in the next five years that will double in value within ten years	○	○	○	○	○
Getting cancer before the age of 60	○	○	○	○	○

OK

	Much Less Likely	Somewhat Less Likely	About As Likely	Somewhat More Likely	Much More Likely
Being fired from a job at some point in your career	○	○	○	○	○
Spontaneously going to a restaurant you know nothing about and finding it has fantastic food	○	○	○	○	○
Getting spotted in a public place by a talent agent and asked to join a reality TV show	○	○	○	○	○
Having your achievements written about in a major newspaper in the next 5 years	○	○	○	○	○
Within the next five years, having a period of at least 12 months where you cannot find a job.	○	○	○	○	○
Getting hit by a car that runs a red light	○	○	○	○	○
Having a very nice person move in near you in the next year	○	○	○	○	○
Visiting more than 10 countries in the next 5 years	○	○	○	○	○
Being selected by the IRS for a random audit of your tax return in the next 5 years	○	○	○	○	○
Getting divorced (or splitting up with a life partner) after only a few years together	○	○	○	○	○

OK

On the following screens, there are phrases describing people's behaviors and attitudes. Please use the rating scale below to describe how accurately each statement describes you. Describe yourself as you generally are now, not as you wish to be in the future. Describe yourself as you honestly see yourself, in relation to other people you know of the same sex as you are, and roughly your same age. Please read each statement carefully, and then fill in the bubble that describes you best.

	Very Inaccurate	Moderately Inaccurate	Neither Inaccurate nor Accurate	Moderately Accurate	Very Accurate
I see myself as someone who is reserved and quiet	○	○	○	○	○
I am a better driver than most people	○	○	○	○	○
I am generally trusting	○	○	○	○	○
I believe in Murphy's Law: If something can go wrong, it will	○	○	○	○	○
I tend to be lazy	○	○	○	○	○
Compared to others I know, I am worse at using computers	○	○	○	○	○
I see myself as someone who is relaxed and handles stress well	○	○	○	○	○
In uncertain times, I usually expect the best	○	○	○	○	○
I see myself as someone who has few artistic interests	○	○	○	○	○
I am better than most of my friends at card and board games	○	○	○	○	○
I am outgoing and sociable	○	○	○	○	○
I'm probably going to have more problems in my future life than most of my friends	○	○	○	○	○
I tent to find fault with others	○	○	○	○	○
I'm always optimistic about my future	○	○	○	○	○
I see myself as someone who does a thorough job	○	○	○	○	○
I am worse at standardized tests than most of my friends	○	○	○	○	○
I tend to get nervous easily	○	○	○	○	○
When I have problems, I am usually confident they will resolve themselves quickly	○	○	○	○	○
I have an active imagination	○	○	○	○	○
I am worse at spelling that most people I know	○	○	○	○	○

OK

	Very Inaccurate	Moderately Inaccurate	Neither Inaccurate nor Accurate	Moderately Accurate	Very Accurate
I see myself as someone who is dependable and systematic	○	○	○	○	○
I have better decision making skills than most people	○	○	○	○	○
I see myself as someone who is complex and open to new experiences	○	○	○	○	○
I can't rely on family an dfriends when things go wrong, and have to rely on myself	○	○	○	○	○
I am sympathetic and warm	○	○	○	○	○
Even when I'm sure about the right choice, I still ask others for advice before making an important decision	○	○	○	○	○
I am disorganized and careless	○	○	○	○	○
I think people who are not satisfied with their lives just need to work harder to be happy	○	○	○	○	○
I see myself as someone who is conventional and uncreative	○	○	○	○	○
When I'm feeling down, it's hard for me to focus on the good things in life	○	○	○	○	○
I am bashful and shy	○	○	○	○	○
I am better at very difficult tasks than most of my friends	○	○	○	○	○
I am bold and energetic	○	○	○	○	○
I shy away from hard problems because I am not good at them	○	○	○	○	○
I tend to be rude and harsh	○	○	○	○	○
I feel failure is a positive thing becaues I learn a lot from it	○	○	○	○	○
I see myself as someone who is moody and temperamental	○	○	○	○	○
When working on a team project, I want to do the most difficult task because I know I'll be able to do it well	○	○	○	○	○
I tend not to be envious of others	○	○	○	○	○
I find it is better not to get my hopes up, so I do not end up disappointed	○	○	○	○	○

OK

Thank you for participating