

General Instructions

Thank you for your participation in this study. All of the procedures used will be exactly as they are described in these instructions. The study should last approximately 20 minutes. Before beginning, please remove any distractions that may affect your ability to complete the study. Others may be completing the study at a later time, so please do not discuss the study with anyone. During the study, you will not be able to go "back" to previous screens.

This is a study on decision making in an organizational setting. Your decisions will remain completely anonymous. We will not be able to relate your responses to you individually.

You will receive \$3.00 as a participation fee. Additionally, you will earn money based on tasks you complete during the study, as explained to you in these instructions. Specifically, you will earn points during your tasks. The points you earn will be converted into dollars at a rate of \$1.00 for every 100 points. As long as you complete all parts of the study, you will receive your compensation, regardless of the decisions you make during the study.

Prior to completing each task, you will read a set of instructions that describe the task and your compensation for the task, and you will complete a brief quiz to check your understanding of the instructions. Following your tasks, you will complete a brief questionnaire.

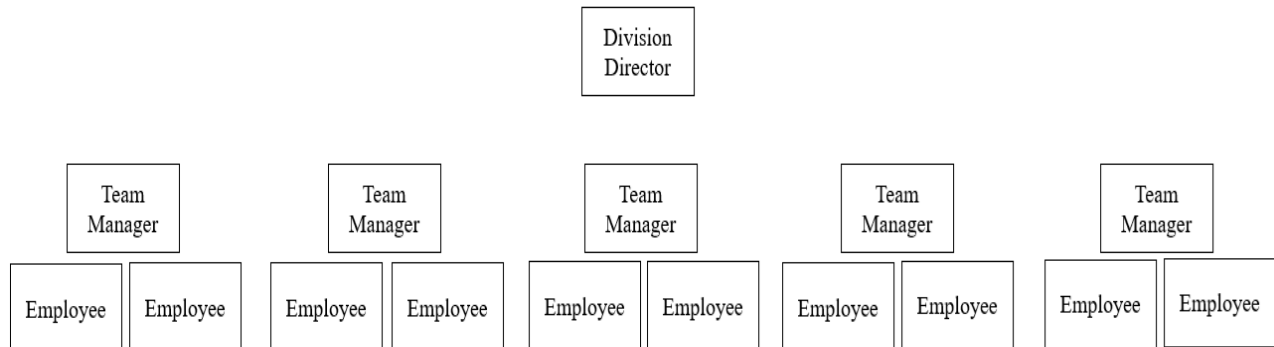
Please proceed to view your task instructions.

Task Instructions

Roles

You and every other participant have been assigned the role of either **Division Director**, **Team Manager**, or **Employee** in a manufacturing company. All participants within a particular role will complete the same tasks.

Each division of the company is managed by a division director and is organized into five or more teams of three, each made up of two employees and one team manager.



You have been assigned the role of **Employee**. You will be matched with one other participant in the role of employee (we will refer to them as Employee B) and one participant in the role of team manager, and will be assigned to a division managed by a division director. You will all remain matched together for the duration of the study.

As explained in more detail on the next page, you will work on your tasks independently from other participants. You will not need to communicate with any other participants at any time during the study, and you will all remain anonymous to each other and to others throughout the study.

Task

You have limited resources that you are responsible for allocating each period to either your own individual project or a project being conducted jointly with Employee B. Each division in the company, and the company as a whole, are more successful when its teams allocate greater resources to joint projects. As a result, each team manager and each division director achieve higher payoffs when employees allocate greater resources to joint projects.

Your task each period is to decide whether to allocate a high level of resources to your team's joint project. You will earn revenue based on your investments in the joint project.

If you choose a high level of resources, you will incur a cost of 15 points. If you choose a low level of resources, you will incur no cost (0 points). The joint project's revenue increases with the level of resources allocated to it by you and Employee B according to the following:

- If both employees choose low resources, joint project revenue = 15 points
- If one employee chooses low resources and one employee chooses high resources, joint project revenue = 45 points
- If both employees choose high resources, joint project revenue = 75 points

Joint project revenue will be split equally between the two employees and the team manager, no matter what level of resources either employee allocates to the project. Thus, an employee's payoff in points for a period will be equal to 1/3rd of the joint project's revenue minus the cost of the resources they allocate.

The team manager's payoff in points for a period will include 1/3rd of the joint project's revenue.

As noted earlier, points will be converted to dollars at the end of the study at a rate of 100 points = \$1.00.

The division director, who made their decision yesterday, had the option to include a project audit function **across all teams in their division**.

Specifically, the division director could choose to have a company auditor check project results. If the division director chose this option, there will be an 80% likelihood that the auditor checks project results in any particular period for any particular team in the division. Additionally, if an audit is conducted, any employee who has allocated high resources to the joint project in that period will be awarded a bonus of 15 points.

You and Employee B will learn before you begin your task whether the division director chose to include this option for all teams in the division.

You will then complete your task for a number of periods, receiving results at the end of each period. The results of each period have no effect on subsequent periods.