

Stage 2 Instructions

You will be supervising a new project (or projects) with the same team(s) as in the first stage.

Each Worker 1, Worker 2, and Worker 3 will receive compensation for participating in a project.

You will receive a base pay of \$2.00; however, your total pay will depend on a performance evaluation.

If your performance evaluation is positive, you will receive a bonus equal to 50% of your pay.

Your chance of a positive performance evaluation (which earns the 50% bonus) increases as workers contribute effort (i.e., work harder) to the project(s) you supervise. Workers can contribute effort to the project to increase the likelihood of a positive performance evaluation for you as follows.

Each worker's total pay for the project will start at \$2.00. They can contribute up to \$1.00 of their compensation to the project to increase the probability that you receive a positive performance evaluation and, as a result, earn the 50% bonus. Greater contribution amounts have a greater positive effect on your evaluation.

If they choose to contribute \$0.00, their pay will be \$2.00 and they will not increase the probability that you receive a positive performance evaluation. If they choose to contribute the maximum of \$1.00, their pay will be \$1.00. In other words, their pay will be \$2.00 less whatever amount they choose to contribute.

Control Decision Instructions

For the project(s) in this stage, you have the option to give the following instruction to each Worker 1, Worker 2, and Worker 3:

“Everyone on the team has to contribute at least \$0.20 to the project.”

In other words, you may require each Worker 1, Worker 2, and Worker 3 to contribute at least \$0.20 to the project, or you may leave them free to contribute as much or as little as they want.