

Pledging, Praising and Shaming: Experimental Labour Markets in Ghana

Experimental instructions

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1 Script

Below is an excerpt of the script used in the experiments. First, we make sure that participants feel comfortable using the tablets, without going through the details of the game. After this, we explain the game in an interactive way, without using the tablets. Finally, we let the participants practice the game for two periods on the tablets, before starting the first treatment.

“Good morning. / Good afternoon. My name is Elwyn Davies. I am a researcher at the University of Oxford. This is Martin Černý, who is also working on this project. Besides this, we have (*insert names of local team*).

Welcome to this session of the experiment. This experiment is part of a wider study done by the University of Oxford on Ghanaian entrepreneurship and firms. The goal is to see how people behave in a virtual marketplace. Please remain silent during the entire duration of the experiment and keep your mobile phones switched off. I don't want to hear any mobile phones during this session.

During this session you will earn points. These points will be converted to Cedis at the end of the session. 100 points is equal to five Cedis. If you arrived on time, you will earn 10 cedis in addition to this.

I will explain more about this experimental session later on. First, I will talk about how to use the tablet. You will use the tablet to make choices in this experiment. Please have a look at your tablet and read the message. If you are done reading, press OK.

Make sure to touch the screen gently. Do not press it too hard.

(Wait.)

We are now going to practice how to make offers. In this game you will be either an employer or a worker. Employers make offers to the workers. I will talk about that more later on. First we will practice how to make an offer.

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Please press somewhere on the gray bar. You will see a number appear. You can select a number between 0 and 40. Please try to select different numbers: 0, 5, 10, 15 and so on. Try to change from 0 to 5, or from 32 to 37. And then change the number again.

You can use the plus and minus signs to change the number. Please try this as well.

If you don't want to make an offer, you can click on *Remove*. The number then disappears. You can get the number back by clicking on the bar. Please try this as well.

If you have any questions, please ask them. We will come to your desk to answer them.

(Wait until everybody is done.)

I will now talk about the experiment itself and what we are going to do. Some of you will be employers, some of you will be workers. We will determine by chance which role you get. Each period the employers start by selecting the payment they would like to offer to the workers. You have to select a number on the gray bar. The workers then choose to accept or reject the payment. If they reject this payment, both get zero points. If the worker accepts the offer, the worker will get paid the amount and will then work for the employer. The worker is working hard for the employer, and this gives a profit of 40 points to the employer. Working hard is tiring for the worker, so the worker will get less, and lose 6 points. But of course, the worker received a payment from the employer.

Let's give you an example. Suppose I am an employer, and Martin is a worker. Workers are indicated by a letter. You cannot tell who in the room this worker is, but it is somebody in this room. Let's assume that Martin is worker A. **(Show the sign of worker A)** I am an employer and can make an offer to Martin, by selecting a number between 0 and 40. **(Ask somebody in the public.)** Can I get a number between 0 and 40 from you? **(Write down the number)**

Ok, I am now going to make an offer of X points to Martin. Martin, do you accept or reject this offer?

(Martin rejects.)

Martin rejects, we now both get 0 points.

Now let's say he accepts the offer.

(Martin gets the offer and keeps it.)

I pay him the X points and he is going to work for me. That gives me a profit of 40 points. But I have paid him X points. So how much have I earned?

(Ask public and check understanding.)

Martin was working hard, and that is tiring for him. He lost 6 points, but got my payment of X points. So how much has he earned?

(Ask public and check understanding.)

So I have earned ... points and Martin has earned ... points.

Please let us know if you have any questions about this. **(Walk around and check understanding with participants.)**

As long as you touch the bar, you can see graphs on top of the screen. These graphs show you how much you can earn if the worker accepts the offer. Please change the number, and see how the graphs change as well. Green means that you are earning money, red means that points will be deducted. Try to offer X points, and check the graphs. These numbers are the same as we just calculated together.

(Initialize the main game by pressing the Start button on the admin screen.)

We will now tell you whether you are a worker or an employer. Please press OK to continue. We will first play two rounds of practice. No points can be lost or earned. Please press OK to continue. If you see a waiting screen, please wait. You will see this screen a couple of times during the experiment. You will have to wait until everybody is finished making their choices.

(Wait until everybody has clicked OK twice)

We are now in the first practice period. If you are an employer, please make an offer by selecting a number on the gray bar. And then press Submit. Make sure to do this before the time runs out.

(Wait until the workers can choose.)

Now the workers can choose to accept or reject the offer. If you want to accept the offer, press Select. Then click OK. For this practice round, make sure to accept the offer, so that you know how this works. Make sure to do this before the time runs out. If you have accept an offer, we will ask you how many points you need in the next round to accept the offer. For example, if you select 30, you will accept all offers of 30 and higher, and reject the offers of 29 and lower. We will also ask the employers what they would like to offer to you. If both of you agree, you will automatically accept the offer in the next period. If you don't accept, the employer will make you an offer again in the next period, just as before.

(At the end of the practice period.) We will now play for real points, that will be converted to Cedis at the end of the session. Press *I am ready* to continue. If you have any questions, please raise your hand and we will come to your desk to answer them."

2 Screens

Participants used tablets to make their choices. In Figure 1 shows the offer screen for the employer. The user can both slide the slider or use the plus and minus buttons. A popup appears while adjusting the offer (see Figure 2), showing the payoffs for the worker and the employer.

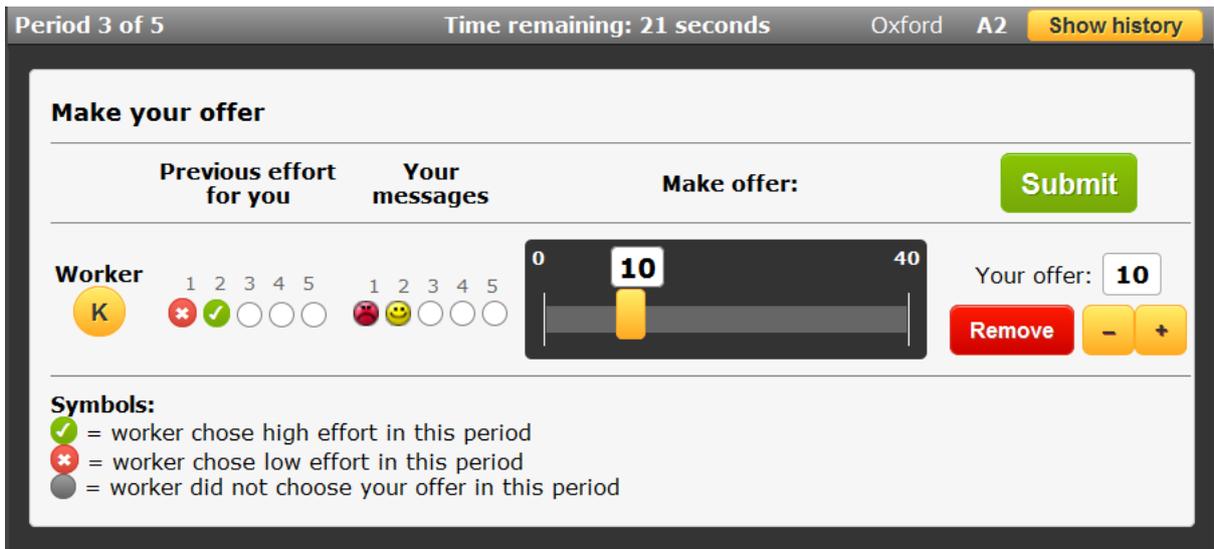


Figure 1: Employers make offers.

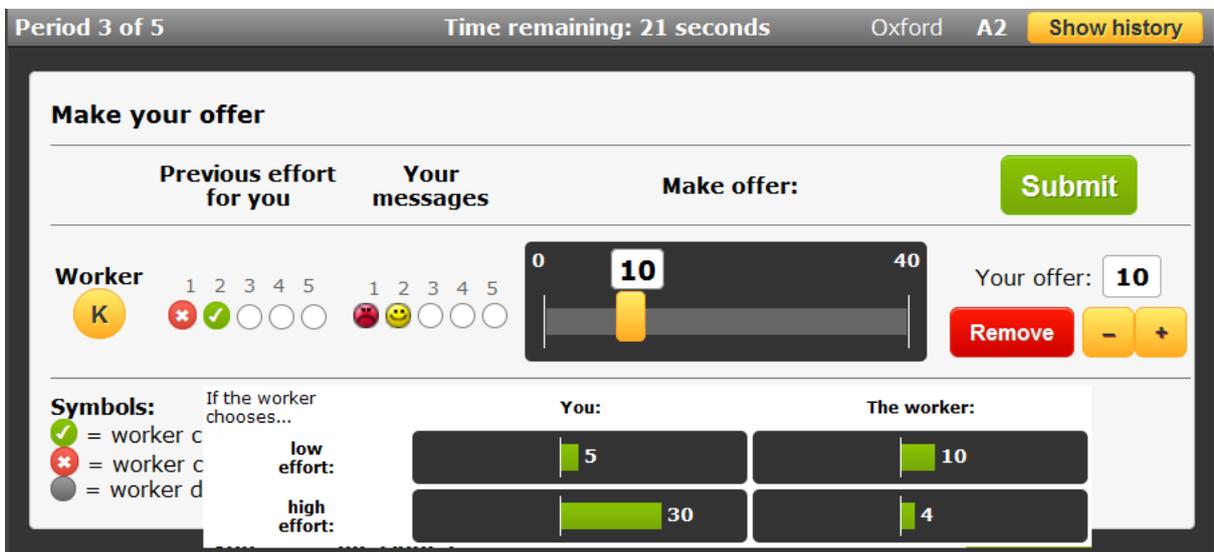


Figure 2: The pop-up indicating potential payoffs.

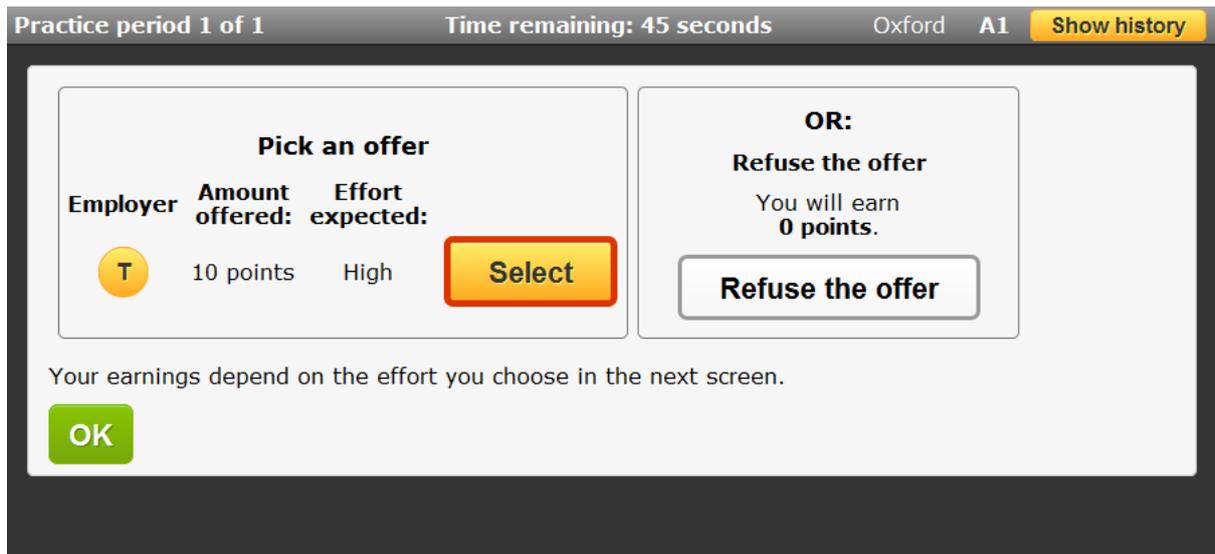


Figure 3: Workers choose to accept or reject the offer.

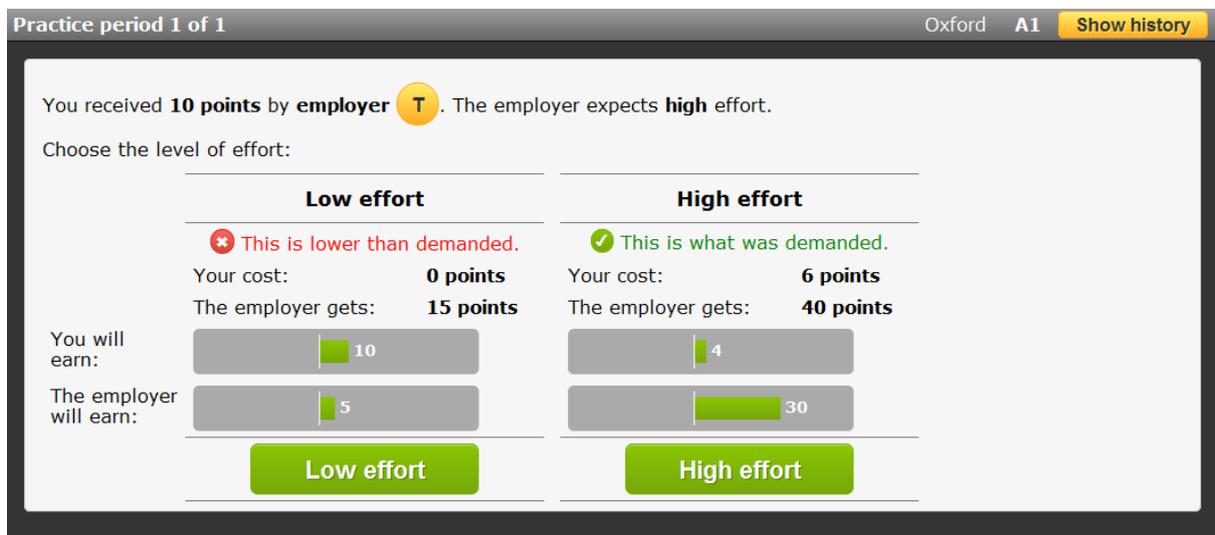


Figure 4: Worker chooses the level of effort.

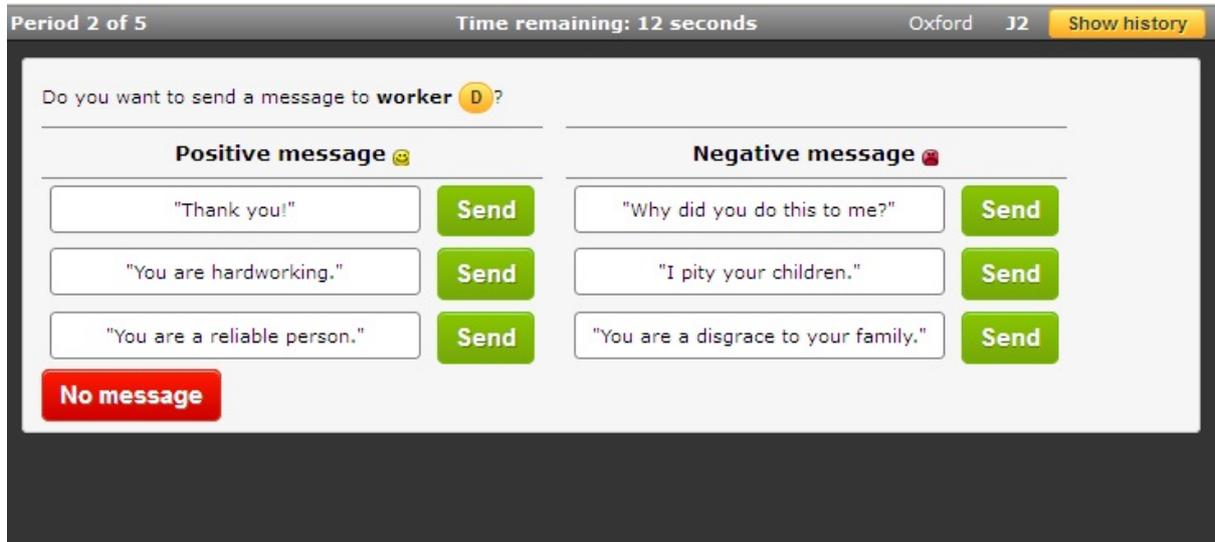


Figure 5: Messages in the (1EM) and (1EMP) treatments.

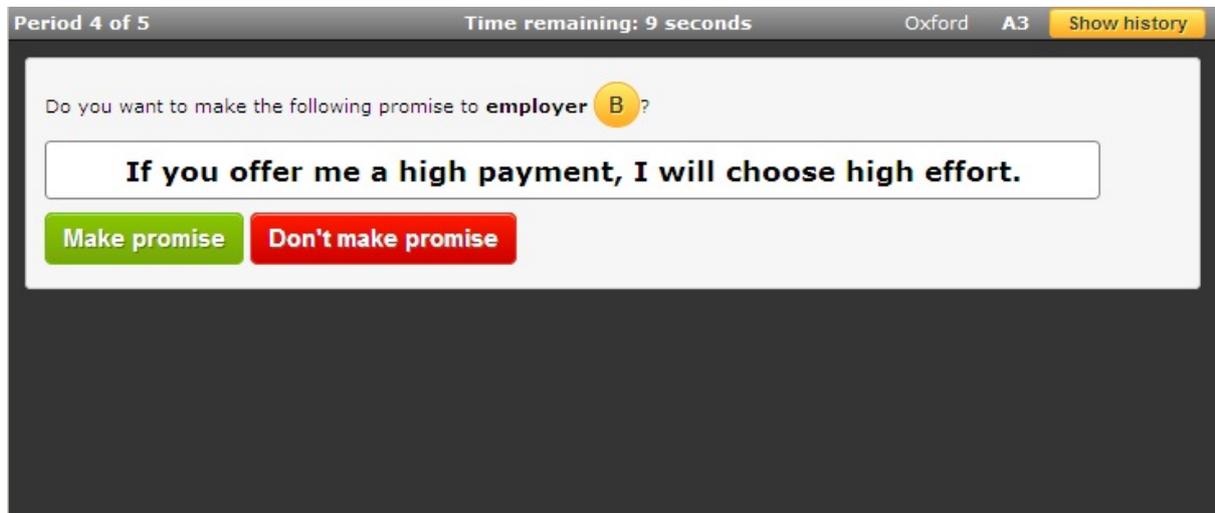


Figure 6: Promises in the (1EMP) treatment.