

Additional materials for : Social Comparisons and Peer Effects with Heterogeneous Ability

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1 Evolution of wages and efforts decisions over time

Figure 1: Evolution of wages decisions over time

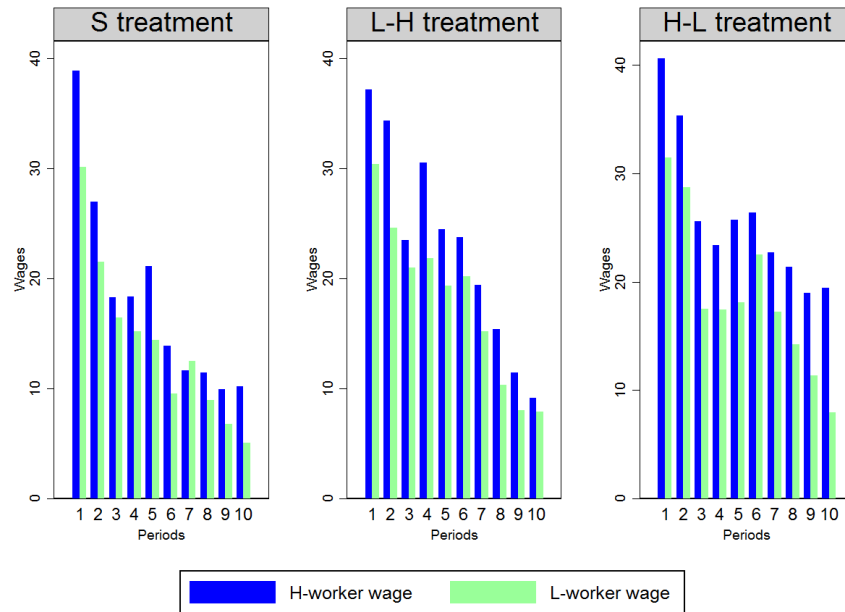


Fig. 1 depicts the evolution of wages over time by experimental treatment depending on worker ability. If we exclude the first period where the wages offered are high, we do not see any evidence of learning effect from periods 2 to 10 (non parametric tests are not significant at conventional level). One exception is in the *L-H* treatment where wages offered decrease over time. In addition, we note that, regardless of the experimental treatment and the period, the H-workers receive, on average, a higher wage than L-workers.

Figure 2: Evolution of efforts decisions over time

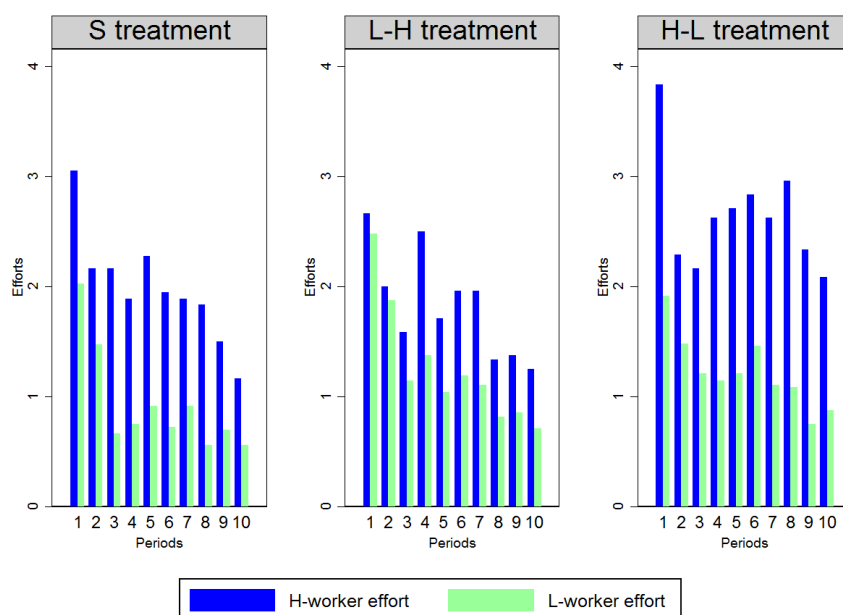


Fig. 2 depicts the evolution of efforts over time by experimental treatment depending on worker ability. Except for the first period where the effort exerted by the most valuable worker is relatively high, we do not see any evidence of learning effect through a decrease in the effort exerted (non parametric tests are not significant at conventional level). In addition, we note that, regardless of the experimental treatment and the period, the H-workers exert, on average, a higher level of efforts than L-workers and the gap between the two is even more pronounced in the *S* and *H-L* treatments.

2 Robustness checks for the effects of the observability of efforts among workers on wage decision

To examine whether the observability of workers efforts among workers impact wage decisions while controlling for individual characteristics of participants that may affect their decisions, we conduct Tobit regression analyses on wages decisions to account for the lower bound of wages (i.e., 0). Covariates used are the usual socio-demographic controls and the experimental treatments with the *S* treatment used as reference.

Table 1: Estimations for the effect of the effort observability on wages and wage differences

Dependent variables	H-worker's wage		L-worker's wage		Wage difference	
	Observed (1)	Observer (2)	Observed (3)	Observer (4)	S vs. H-L treat. (5)	S vs. L-H treat. (6)
Experimental treatment	50.351*** (1.046)	1.530* (0.850)	2.034** (0.844)	31.344*** (0.680)	3.570*** (0.001)	1.348 (1.946)
Constant	30.786*** (3.242)	30.594*** (2.702)	28.903*** (2.801)	29.434*** (3.005)	16.350*** (2.091)	6.232** (2.495)
Socio-demographic controls	Yes	Yes	Yes	Yes	Yes	Yes
Ind. fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Time fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Log pseudolikelihood	-1498.6693	-1460.0995	-1356.5199	-1348.4024	-	-
Pseudo R-square	0.0571	0.0539	0.0620	0.0709	0.172	0.0310
N	420	420	420	420	420	420
Left-censored observations	116	124	136	135	-	-

Notes: ***, **, * denote significance at the 1%, 5% and 10% level, respectively. Robust standard errors adjusted for clustering at the group level in parentheses. Socio-demographic controls include dummies for gender, first year student or not, economic studies or not and whether participants have a job activity. All F-test performed on socio-demographic controls are significant at the 1% level.

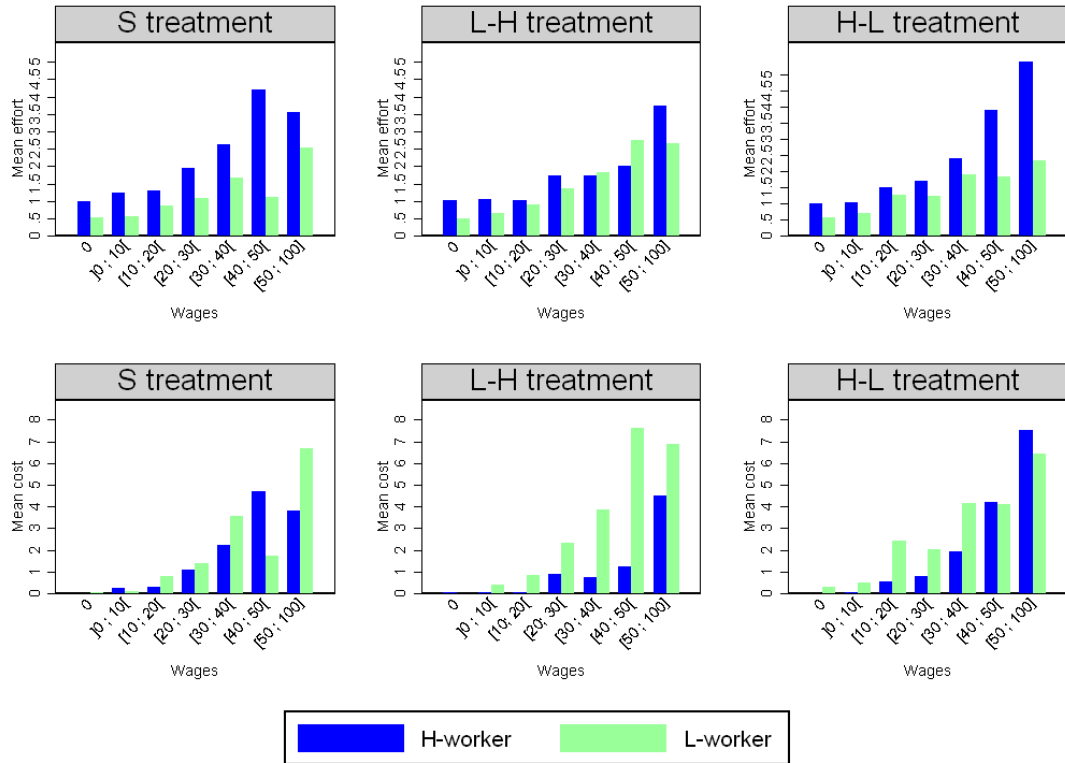
Results reported in Table 1 corroborate the results of the T-tests reported in the manuscript, that is the observability of efforts among workers induce managers to increase their wage offer both towards the observed and the observer worker, regardless of their ability level (the dummy variable that accounts for the experimental treatment is positive and highly significant in columns 1 to 4). In addition, the increase in wages is higher in the *H-L* treatment than in the *L-H* treatment for both workers (columns 1 and 4, compared to columns 2 and 3).

Because both wages increase when workers are able to observe their coworker's efforts, we next examine the consequences on wage difference. To this end we conduct OLS regressions on wage difference with the same covariates than those used in columns 1 to 4. From results reported in columns 5 and 6, we observe that the wage difference between workers increases, compared with the one observed in the *S* treatment, only when the more valuable worker chooses his level of effort first (column 5). This finding is consistent with the results of the non parametric tests reported in section 3.1 of the manuscript.

3 Reciprocity in the three-person gift-exchange game

The three panels at the top of Fig. 3 present the typical relationship between the average effort and the wage received by each type of worker in each experimental treatment. As is typically observed in gift-exchange laboratory experiments, Fig. 3 exhibits an upward-sloping wage-effort relationship (i.e., gift-exchange), regardless of worker ability. This basic result holds for all treatments.

Figure 3: Average effort and cost for a given wage by treatment



More interestingly, some influences of the observability of efforts on the exhibited reciprocity can be observed. We note that for any wage interval, the effort exerted by an observed worker is nearly always higher than the effort exerted by the worker of equal ability in the *S* treatment. This finding is especially pronounced when the observed worker is the less productive worker. Regardless of the workers ability, we note that the strength of reciprocity - measured through the positive relationship between the wage received and the exerted effort - appears to be the lowest for observer workers and the strongest for those who are observed.

4 Robustness checks for the relationship between workers efforts

To test the robustness of results reported in Section 4.3 of the manuscript, in Table 2 we report the results of regressions similar to those reported in Table 6 in the manuscript where the dependent variable is the cost of effort. Because the cost of effort is a left-censored variable, the minimum effort being costless regardless of the ability of workers, we conduct left-censored tobit regressions. From results reported in Table 2, we note that all significant variables found in Table 6 in the manuscript remain significant when we

consider the cost of effort.

Table 2: Estimations for the relationship between workers cost of efforts

Dependent variables	L-worker cost of effort		H-worker cost of effort	
	(1)	(2)	(3)	(4)
Wage	0.117*** (0.032)		0.223*** (0.001)	
Partner's wage	0.029 (0.031)		-0.048*** (0.002)	
Partner's cost of effort	0.342** (0.135)	0.595*** (0.193)	0.002** (0.001)	0.232*** (0.009)
Dis. temporary payoff ^a		-0.011 (0.036)		-0.017*** (0.004)
Adv. temporary payoff ^b		0.152*** (0.048)		0.279*** (0.002)
Constant	-2.264 (2.223)	0.438 (1.567)	-6.749*** (0.049)	-23.729*** (0.048)
Socio-demographic controls	Yes	Yes	Yes	Yes
Ind. fixed effects	Yes	Yes	Yes	Yes
Time fixed effects	Yes	Yes	Yes	Yes
Prob > F	0.000	0.000	0.000	0.000
Log pseudolikelihood	-321.736	-331.441	-165.743	-182.923
Pseudo R-square	0.2214	0.1979	0.4003	0.3381
N	240	240	240	240
Left-censored observations	147	147	185	185

Notes: ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively. Clustering errors at the group level in parentheses. Socio-demographic controls include dummies for gender, first year student or not, economic studies or not and whether participant has a job activity. All F-test performed on socio-demographic controls are significant at the 1% level. ^a Dis. temporary payoff means that the observer worker receives a lower wage than the final payoff obtained by the observed worker. ^b Adv. temporary payoff means that the observer worker receives a higher wage than the final payoff obtained by the observed worker.

Third, as emphasized by Gachter and Thöni (2014), the strong correlation between the wage received and the exerted effort may biased the estimates. To test the robustness of our results reported in Table 6 of the manuscript, we provide additional regressions (1) without the worker's wage, (2) without his coworker's wage, and (3) without both of them. We do this for each type of worker ability. We perform double censored Tobit regressions to account for the efforts being left-censored by the minimum effort and right-censored by the maximum effort. The set of socio-demographic variables remains the same. We include individual fixed-effects and period fixed-effects. Standard errors are clustered at the group level and account for the intra-group correlation in the error term over the 10 periods. Results are reported in Table 3. We observe that, in all regressions except in column (2), the coworker's effort is a strong and positive determinant of the effort exerted by the observer worker. The strategic complementarity of efforts appears as a robust finding.

Table 3: Tobit estimations for the relationship between workers efforts, without wage

Dependent variables	H-worker's effort			L-worker's effort		
	(1)	(2)	(3)	(1)	(2)	(3)
Wage		0.117*** (0.001)			0.037*** (0.012)	
Partner's wage	0.077*** (0.001)			0.024** (0.010)		
Partner's effort	0.528*** (0.030)	-0.022 (0.018)	1.435*** (0.018)	0.211** (0.091)	0.248*** (0.086)	0.353*** (0.122)
Constant	14.165*** (0.052)	7.640*** (0.032)	15.039*** (0.046)	2.711*** (0.439)	2.411*** (0.504)	3.240*** (0.358)
Socio-demographic controls	Yes	Yes	Yes	Yes	Yes	Yes
Ind. fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Time fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Prob > F	0.000	0.000	0.000	0.000	0.000	0.000
Log pseudolikelihood	-173.012	-142.005	-179.275	-214.730	-208.221	-218.731
Pseudo R-square	0.304	0.430	0.280	0.291	0.313	0.278
N	240	240	240	240	240	240
Left-censored observations	185	185	185	146	146	146
Right-censored observations	2	2	2	6	6	6

Notes: ***, **, * denote significance at the 1%, 5% and 10% level, respectively. Robust standard errors adjusted for clustering at the group level in parentheses. Socio-demographic controls include dummies for gender, first year student or not, economic studies or not and whether participants have a job activity. All F-test performed on socio-demographic controls are significant at the 1% level.

Another robustness check of results reported in Table 6 of the manuscript consists of removing observations for which the received wage is null, because in this case, the exerted effort corresponds necessarily to the minimum effort. To that purpose, we conduct Tobit regressions without the observations when (1) the worker's wage is null, (2) his coworker's wage is null and (3) both workers' wages are equal to 0. We do this for each type of worker ability. As previously pointed out, the Tobit estimates account for the efforts being left-censored by the minimum effort and right-censored by the maximum effort. Standard errors are clustered at the group level and account for the intra-group correlation in the error term over the 10 periods. Results are reported in Table 4. As expected, in all regressions, the coworker's effort has a positive and significant impact on the effort exerted by the observer worker. It is noteworthy that the magnitude and significance of the coworker's effort estimates are similar in the three specifications, and this remark holds regardless of the worker ability. The strategic complementarity of efforts is a robust finding. Another point to note is the negative and significant impact of L-worker's wage on H-worker's effort: the feelings of jealousy of H-worker regarding their coworker's wage is also a robust result.

Table 4: Tobit estimations for the relationship between workers efforts, without null wage

Dependent variables	H-worker's effort			L-worker's effort		
	(1)	(2)	(3)	(1)	(2)	(3)
Wage	0.130*** (0.001)	0.132*** (0.001)	0.131*** (0.001)	0.016 (0.010)	0.028*** (0.011)	0.016* (0.010)
Partner's wage	-0.041*** (0.001)	-0.046*** (0.001)	-0.046*** (0.001)	0.012 (0.011)	0.004 (0.009)	0.013 (0.011)
Partner's effort	0.177*** (0.020)	0.180*** (0.019)	0.183*** (0.019)	0.242*** (0.089)	0.217*** (0.080)	0.232*** (0.088)
Constant	1.962*** (0.007)	1.936*** (0.007)	1.938*** (0.007)	1.237*** (0.284)	1.275*** (0.309)	1.244*** (0.284)
Socio-demographic controls	Yes	Yes	Yes	Yes	Yes	Yes
Ind. fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Time fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Prob > F	0.000	0.000	0.000	0.000	0.000	0.000
Log pseudolikelihood	-134.492	-133.506	-1133.216	-183.104	-183.585	-179.615
Pseudo R-square	0.402	0.406	0.402	0.287	0.292	0.287
N	172	172	167	173	180	170
Left-censored observations	118	118	113	81	90	80
Right-censored observations	2	2	2	5	5	5

Notes: ***, **, * denote significance at the 1%, 5% and 10% level, respectively. Robust standard errors adjusted for clustering at the group level in parentheses. Socio-demographic controls include dummies for gender, first year student or not, economic studies or not and whether participants has a job activity. All F-test performed on socio-demographic controls are significant at the 1% level.

To conclude our robustness checks, we test whether the feelings of jealousy remains when omitting observations for which the less valuable worker receives a higher wage than the more valuable worker. One can assume that the more able worker expresses some feelings of jealousy only if the less able worker gets a higher wage than him. To this end, we conduct identical regressions than those reported in Table 6 of the manuscript, except that we remove observations for which the less valuable worker receives a higher wage than the more valuable worker. Results are reported in Table 5. We observe that the feelings of jealousy is a robust finding when we remove observations for which the low ability worker receives a higher wage than the high ability worker. Even when the more valuable worker gets more than his coworker, he expresses some feelings of jealousy towards him. Finally, one can note that the strategic complementarity of efforts is robust, regardless of the ability of the observer worker.

Table 5: Tobit estimations for the relationship between workers efforts, without $w_l > w_h$

Dependent variables	H-worker's effort		L-worker's effort	
	(1)	(2)	(3)	(4)
Wage	0.047** (0.019)	0.027 (0.046)	0.152*** (0.001)	0.766*** (0.001)
Partner's wage	0.006 (0.009)	0.028 (0.058)	-0.058*** (0.001)	-0.677*** (0.001)
Partner's effort	0.228* (0.116)	0.194** (0.098)	0.154*** (0.022)	2.424*** (0.023)
Dis. temporary payoff		-0.023 (0.065)		
Adv. temporary payoff				-0.627*** (0.002)
Constant	1.788*** (0.650)	1.825*** (0.571)	6.654*** (0.030)	4.663*** (0.034)
Socio-demographic controls	Yes	Yes	Yes	Yes
Ind. fixed effects	Yes	Yes	Yes	Yes
Time fixed effects	Yes	Yes	Yes	Yes
Prob > F	0.000	0.000	0.000	0.000
Log pseudolikelihood	-156.557	-156.514	-125.954	-123.055
Pseudo or adjusted R-square	0.3694	0.364	0.453	0.466
N	205	205	214	214
Left-censored observations	131	131	163	163
Right-censored observations	6	6	2	2

Notes: Clustering errors at the group level in parentheses. Socio-demographic controls include dummies for gender, first year student or not, economic studies or not and whether participant has a job activity. All F-test performed on socio-demographic controls are significant at the 1% level. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

5 Experimental instructions for the three-person gift-exchange game experiment

These are the instructions for the L-H and H-L treatments. Text in italics in brackets denotes the changes for instructions for the S treatment. The instructions were originally written in French.

General information

Welcome. You are participating in an experiment financed by the National Agency for Research. In this experiment, you are taking part in a study of the labor market. If you read these instructions carefully, you may earn a significant sum of money. The amount of your earnings depends not only on your decisions but also on the decisions of other participants with whom you will interact. It is important that you do not talk to any of the other participants until the experiment is over. If you have a question at any time, please raise your hand and a monitor will come to your desk to answer it in private. If you do not respect this rule, we will be forced to terminate the experiment, and you will be not paid.

This experiment consists of two distinct experiments. Here are the instructions for the first experiment.

The experiment consists of 10 periods. Your earnings in this experiment will be equal to your earnings in 4 of the 10 periods that will be randomly determined at the end of the experiment. During this experiment, your earnings will be calculated in points. At the end of the experiment, you will be paid in Euros according to the following exchange rate: 50 points = 1.2 euros.

At the start of the experiment, you will receive an endowment of 400 points for showing you at time and to prevent any losses. As a consequence, you are sure to go back with a positive gain. Please note that at each period, you can always rule out losses through your own decisions. At the end of the experiment, your earnings will be paid to you in cash in a separate room in order to preserve confidentiality.

INTRODUCTION

There is equal number of three types of participants in this experiment: employers, type-A workers, and type-B workers. **Once you have been randomly assigned to a type, you will keep the same type throughout the experiment.** Your computer screen will inform you about your type. **In each period, each employer will be paired with two**

workers to constitute a firm. You will be never informed of the identity of the participants you interact with.

The labor market consists in 10 periods.

DECISION-MAKING IN EACH PERIOD

At the beginning of each period we will open the labor market.

1. In the **first stage**, each employer is paired randomly and anonymously with two workers: one would be a type-A worker and the other a type-B worker. The type of a worker corresponds to his ability. **The employer may offer a wage to each worker of his group.**
2. In the **second stage**:
 - (a) After seeing the wage offer, **workers must choose a quantity of work** [*simultaneously*].
 - (b) One of the two workers (worker 1, for example), randomly chosen, chooses the quantity of work to supply
 - (c) Once worker 1 has made his choice, the other worker of the firm (worker 2) observes the decision of his co-worker and chooses next the quantity of work he supplies
[The two above sentences regarding sequentiality are not provided in the S treatment]
3. At the end of each period, **your decisions will only be disclosed to the other two participants in your current group.** All the other participants will not be informed about your decisions.

In every new period **new groups of three participants will be randomly formed.** Please note that you will be matched exactly once with the other two persons in your firm group. You will be never matched with the same person in successive periods. Further, you will not know with whom you have been matched in any of the periods.

HOW ARE EARNINGS CALCULATED IN EACH PERIOD?

The employer's earnings: The employer obtains 10 times the amount of work selected by each worker in his group minus the wage paid to each worker. The box below summarizes the employer's earnings for one period:

Employer's earnings

$$\begin{aligned} & 10 \times \text{quantity of work supplied by type-A worker} \\ & + 10 \times \text{quantity of work supplied by type-B worker} \\ & - \text{wage offered to type-A worker} \\ & - \text{wage offered to type-B worker} \end{aligned}$$

The worker's earnings: Each worker received the wage offered by the employer minus the cost of the amount of work he chose. The box below summarizes the worker's earnings for one period:

$$\text{Worker's earnings} = \text{wage} - \text{the cost of the amount of work chosen}$$

From now, instructions differ according to the role that will be assigned. Since you do not know yet your role during the experiment, you have to read the whole instructions in order to clearly understand the decisions each type of participants have to make and the consequences of these decisions.

INSTRUCTIONS FOR EMPLOYERS

If the role of employer has been assigned to you, the following screen (Fig. 4) will appear:

Figure 4: Decisions screenshot for employers

Le rôle d'employeur vous a été attribué de manière aléatoire pour l'expérience.

Votre groupe de travail est composé :

- Du travailleur 1 qui est de type : A
- Du travailleur 2 qui est de type : B

Les types de travailleurs correspondent à la productivité des travailleurs qui est reportée dans le tableau suivant:

Quantité de travail produite par le travailleur de type A	1	2	3	4	5	6	7	8	9	10
Quantité de travail produite par le travailleur de type B	0.5	1	1.5	2	2.5	3	3.5	4	4.5	5
Coût associé à la quantité de travail produite	0	1	2	4	6	8	10	12	15	18

Vous devez choisir le salaire que vous offrez à chacun des deux travailleurs

Sachant que :

- Chaque salaire doit être un nombre entier compris entre 0 et 100.
- Vous avez la possibilité de donner soit le même salaire, soit un salaire différent aux deux travailleurs.
- Chaque travailleur connaît le salaire qu'il a reçu et le salaire que l'autre travailleur a reçu avant de prendre sa décision.
- Le travailleur 2 observe la quantité de travail produite par le travailleur 1 avant de prendre sa décision.

Salaires offerts au travailleur 1 de type A :

Salaires offerts au travailleur 2 de type B :

OK

At the beginning of each period, you will be matched with two workers to form a firm. There will be a type-A worker and a type-B worker.

You then decide what wages to offer to each individual worker in your firm. To that purpose, several information are available. The above table informs you about the relationship between the quantity of work and the associated cost.

Table 6: Relationship between the quantity of work and the associated cost

Amount of work supplied by H-workers	1	2	3	4	5	6	7	8	9	10
Amount of work supplied by L-workers	0.5	1	1.5	2	2.5	3	3.5	4	4.5	5
Cost associated to the amount of work	0	1	2	4	6	8	10	12	15	18

Workers have at their disposal the same table. From this table, we can note that:

1. For each type of worker, the smallest quantity of work has no cost.
2. For a type-A worker, the smallest quantity of work is 1 and the highest is 10.
3. For a type-B worker, the smallest quantity of work is 0.5 and the highest is 5.
4. For a given cost, the quantity of work exerted by a type-A worker is two times larger than a type-B worker's quantity of work.
5. The higher the quantity of work worker chooses, the higher the work related costs will be.
6. The cost borne by a worker is independent to the quantity of work chosen by the other worker of his firm.
7. The higher the quantity of work worker chooses, the higher your payoff will be.
 - (a) If a type-A worker chooses the quantity of work 4, the employer receives $10 \times 4 = 40$.
 - (b) If a type-B worker chooses the quantity of work 5, the employer receives $10 \times 5 = 50$.

To make your decisions, you should know that:

- Each wage must be an integer between 0 and 100. So you can offer $\{0, 1, 2, \dots, 99, 100\}$ to each worker
- You have the possibility to offer the same wage or a different wage to each worker
- Each worker will learn his wage and the one of the other worker of his group before making his decision

- After received wages, workers choose the quantity of work to exert
- The worker 2 will observe worker 1's decision before making his choice

[This last sentence is not provided in the S treatment and in the penultimate sentence it is noted: After received wages, workers choose simultaneously the quantity of work to exert]

Once workers will have chosen the quantity of work, you will be informed about their choice and your earnings in this period. Next, a new period will begin with different workers.

INSTRUCTIONS FOR WORKERS (BOTH TYPE-A AND TYPE-B)

If the role of worker has been assigned to you, the following screen (Fig. 5) will appear:

Figure 5: Decisions screenshot for workers who act first - Here type-A worker

Le rôle de **travailleur de type A** vous a été attribué de manière aléatoire pour l'expérience.

Votre groupe de travail est composé :

- D'un employeur
- D'un autre travailleur qui est de type : B

Les types de travailleurs correspondent à la productivité des travailleurs qui est reportée dans le tableau suivant :

Quantité de travail produite par le travailleur de type A	1	2	3	4	5	6	7	8	9	10
Quantité de travail produite par le travailleur de type B	0.5	1	1.5	2	2.5	3	3.5	4	4.5	5
Coût associé à la quantité de travail produite	0	1	2	4	6	8	10	12	15	18

Sachant que l'autre travailleur de votre groupe dispose des mêmes informations que vous et qu'il connaîtra en plus votre choix avant de prendre sa décision, vous devez choisir la quantité de travail que vous allez produire.

Pour cela, les informations que vous avez sont :

- **Vous êtes de type A et vous avez reçu un salaire de 0**
- L'autre travailleur de type B a reçu un salaire de : 0
- Indiquez la quantité de travail que vous choisissez :

At the beginning of each period, you and another worker will be paired with an employer to constitute a firm. This other worker would be of a different type.

In the first stage your employer will choose wages for you and the other worker of your firm. **You will then choose how hard to work to your firm.** In this regard, several information are available:

- You will know the wage you receive as well as the wage received by the other worker of your firm
- Worker 2 will observe worker 1's decision before making his choice [This sentence is not provided in the S treatment; instead, it is mentioned: Both workers choose the quantity of work to supply simultaneously]

- The given table will inform you about the cost related to each quantity of work, and this for each type of workers. From this table, you note that:
 - The more the quantity of work you supply, the more revenues the employer will earn. But the quantity of work is costly to you.
 - * Ex 1: if a type-A worker chooses the quantity of work 6, this will cost him 8.
 - * Ex 2: if a type-B worker chooses the quantity of work 1.5, this will cost him 2.
 - For a same cost, a type-A worker produces a quantity of work twice as large as the one supplied by a type-B worker.

Table 7: Relationship between the quantity of work and the associated cost

Amount of work supplied by H-workers	1	2	3	4	5	6	7	8	9	10
Amount of work supplied by L-workers	0.5	1	1.5	2	2.5	3	3.5	4	4.5	5
Cost associated to the amount of work	0	1	2	4	6	8	10	12	15	18

Once you will have chosen the quantity of work you want to produce, you will learn your earnings for this period. The choice the other worker of your group makes has no consequences on your earnings. Next, a new period will begin.

So that everyone understands how choices translate into point earnings, we will give several examples. Please note that the allocations of points used for the examples are simply for illustrative purposes. In the experiment, the allocations will depend on the actual choices of the participants.

[Note that for the examples below, in the instructions dedicated to the S treatment, we dropped the order of moves of workers. For instance, “Type-A worker 1” became “Type-A worker”; Similarly, for the L-H treatment, “Type-A worker 1” was the follower and we noted “Type-A worker 2”.]

Example 1

Suppose that the employer offers the following wages:

Type-A worker 1: 70 points and Type-B worker 2: 45 points

and workers choose the following quantities of work:

Type-A worker 1: 9 and Type-B worker 2: 5

Employer's earnings:

Sum of wages: $70+45 = 115$ points

Amount of points resulting from the quantity of work supplied by Type-A worker 1: $10 \times 9 = 90$ points

Amount of points resulting from the quantity of work supplied by Type-B worker 2: $10 \times 5 = 50$ points

Sum of the amount of points resulting from the quantity of work supplied by Type-A worker 1 and Type-B worker 2: $= 90 + 50 = 140$

Employer's final payoff: $140-115 = 35$

Type-A worker 1's earnings:

Wage received: 70

Cost associated to the quantity of work supplied: 15

Type-A worker 1's final payoff: $70 - 15 = 55$

Type-B worker's earnings:

Wage received: 45

Cost associated to the quantity of work supplied: 18

Type-B worker's final payoff: $45 - 18 = 27$

Example 2

Suppose that the employer offers the following wages:

Type-A worker 1: 60 and Type-B worker 2: 80

and workers choose the following quantities of work:

Type-A worker 1: 3 and Type-B worker 2: 1

Employer's earnings:

Sum of wages: $60+80 = 140$ points

Amount of points resulting from the quantity of work supplied by Type-A worker 1: $10 \times 3 = 30$ points

Amount of points resulting from the quantity of work supplied by Type-B worker 2: $10 \times 1 = 10$ points

Sum of the amount of points resulting from the quantity of work supplied by Type-A worker 1 and Type-B worker 2: $= 30 + 10 = 40$

Employer's final payoff: $40-140 = -100$. Nonetheless, his final payoff will not be negative because he has received at the beginning of the experiment a one-off lump-sum payment of 400 points

Type-A worker 1's earnings:

Wage received: 60

Cost associated to the quantity of work supplied: 2

Type-A worker 1's final payoff: $60 - 2 = 58$

Type-B worker 2's earnings:

Wage received: 80

Cost associated to the quantity of work supplied: 1

Type-B worker 2's final payoff: $80 - 1 = 79$

Before we continue the experiment we want to make sure that everyone understands how their earnings are determined. Please answer the questions noticed in the following sheet. After a few minutes a monitor will check your answers. When everyone has answered the questions correctly we will continue the experiment.

6 Additional screenshots for the three-person gift-exchange game experiment

Figure 6: Decisions screenshot for worker who chooses second - Here for a type-B worker

Le rôle de **travailleur de type B** vous a été attribué de manière aléatoire pour l'expérience.

Votre groupe de travail est composé :

- D'un employeur
- D'un autre travailleur qui est de type : A

Les types de travailleurs correspondent à la productivité des travailleurs qui est reportée dans le tableau suivant :

Quantité de travail produite par le travailleur de type A	1	2	3	4	5	6	7	8	9	10
Quantité de travail produite par le travailleur de type B	0.5	1	1.5	2	2.5	3	3.5	4	4.5	5
Coût associé à la quantité de travail produite	0	1	2	4	6	8	10	12	15	18

Vous devez choisir la quantité de travail que vous allez faire pour l'employeur sachant que :

- **Vous êtes de type B et vous avez reçu un salaire de 0**
- L'autre travailleur de type A a reçu un salaire de : 0
- La quantité de travail choisie par l'autre travailleur est : 0.0
- Indiquez la quantité de travail que vous choisissez :

OK

Figure 7: Decisions screenshot for workers in the S treatment - Here for a type-A worker

Le rôle de **travailleur de type A** vous a été attribué de manière aléatoire pour l'expérience.

Votre groupe de travail est composé :

- D'un employeur
- D'un autre travailleur qui est de type : B

Les types de travailleurs correspondent à la productivité des travailleurs qui est reportée dans le tableau suivant :

Quantité de travail produite par le travailleur de type A	1	2	3	4	5	6	7	8	9	10
Quantité de travail produite par le travailleur de type B	0.5	1	1.5	2	2.5	3	3.5	4	4.5	5
Coût associé à la quantité de travail produite	0	1	2	4	6	8	10	12	15	18

Sachant que l'autre travailleur de votre groupe dispose des mêmes informations que vous, vous devez choisir la quantité de travail que vous allez produire.

Sachant que :

- **Vous êtes de type A et vous avez reçu un salaire de 0**
- L'autre travailleur de type B a reçu un salaire de : 0
- Indiquez la quantité de travail que vous choisissez :

OK