

TABLE 1  
Experimental Design Summary

Treatment	Date	Number of Workers	Hiring compensation	Actual compensation
<i>1-day-8</i>	6/7/2006	26	\$8/hr	\$8/hr
<i>1-day-16</i>	6/13/2006	27	\$16/hr	\$16/hr
<i>2-day-8</i>	6/15/06- 6/16/06	24	\$8/hr	\$8/hr
<i>2-day-positive</i>	6/19/06- 6/20/06	29	\$8-16/hr	\$16/hr
<i>2-day-negative</i>	6/26/06- 6/27/06	30	\$8-16/hr	\$8/hr
<i>1-day-piece</i>	6/22/2006	29	\$6.50/hr + \$0.15/envelope	\$6.50/hr + \$0.15/envelope
<i>2-day-piece</i>	6/29/06- 6/30/06	26	\$6.50/hr + \$0.15/envelope	\$6.50/hr + \$0.15/envelope

Note: Treatment designation denotes days of work and payment scheme. For example, “1-day-8” denotes one day of work at a wage rate of \$8 per hour. “Positive” and “negative” denote our positive and negative reciprocity treatments, where the announced compensation was a range (see column 4) and the actual compensation was \$16 and \$8 per hour, respectively. “Piece” denotes our piece rate treatment, where hourly wages depended on how many envelopes were produced by the individual. Columns 2 and 3 provide the date of the treatment and sample sizes. Each one day treatment involved 5 hours of work; 2-day treatments had 5-hours of work on the first day and 4 hours on the second day.

TABLE 2  
Sample Statistics by Treatment

Variable	1-day-8	1-day-16	2-day-8	2-day-positive	2-day-negative	1-day-piece	2-day-piece
<u>Panel A. Dependent variables</u>							
<i>Letters/ hour</i>	9.131 (2.132)	9.748 (2.992)	9.071 (2.287)	10.466 (3.210)	8.279 (2.567)	9.447 (2.898)	10.664 (3.818)
<i>Critical errors/ envelope</i>	0.005 (0.011)	0.043 (0.192)	0.003 (0.008)	0.001 (0.006)	0.004 (0.013)	0.012 (0.035)	0.014 (0.022)
<i>Non-critical errors/ envelope</i>	0.235 (0.268)	0.314 (0.314)	0.243 (0.199)	0.189 (0.188)	0.175 (0.148)	0.207 (0.191)	0.252 (0.276)
<i>Recording errors/ envelope</i>	0.304 (0.426)	0.259 (0.357)	0.095 (0.214)	0.200 (0.341)	0.210 (0.342)	0.280 (0.403)	0.196 (0.278)
<u>Panel B. Explanatory variables</u>							
<i>Female (dummy)</i>	0.769 (0.430)	0.667 (0.480)	0.708 (0.464)	0.690 (0.471)	0.567 (0.504)	0.862 (0.351)	0.731 (0.452)
<i>Age in years</i>	35.462 (10.603)	31.111 (11.294)	36.125 (11.588)	34.034 (10.972)	38.933 (14.377)	34.966 (11.309)	32.769 (12.278)
<i>Black (dummy)</i>	0.808 (0.402)	0.778 (0.424)	0.875 (0.338)	0.793 (0.412)	0.800 (0.407)	0.828 (0.384)	0.846 (0.368)
<i>High school maximum (dummy)</i>	0.615 (0.496)	0.778 (0.424)	0.625 (0.495)	0.724 (0.455)	0.533 (0.507)	0.621 (0.493)	0.615 (0.496)
<i>Bachelor's degree maximum (dummy)</i>	0.154 (0.368)	0.074 (0.267)	0.208 (0.415)	0.207 (0.412)	0.267 (0.450)	0.276 (0.455)	0.231 (0.430)

Figures displayed are means with standard deviations in brackets

Note: dependent variables denote the four dimensions of productivity which we are seeking to explain in the statistical analysis. Letters / hour denotes the average letters packed by each worker, averaging across the workers and the hours worked. The three errors are averages across workers and envelopes packed. Critical errors are errors that render the output useless. Non-critical errors limit the usefulness of the output but do not necessarily eliminate it. Recording errors denote errors in an ancillary administrative task that has no direct effect on the usefulness of packed envelopes. Explanatory variables denote the conditioning variables in the statistical analysis. 'High school maximum' denotes workers whose highest academic qualification is a high school degree. See Table 1 for treatment definitions.



TABLE 3  
Regression Results: Positive Reciprocity

Dependent variable	Letters/hour	Critical errors/envelope	Non-critical errors/envelope	Recording errors/envelope
<i>Constant</i>	9.018*** [3.195]	0.001 [0.012]	-0.569** [0.255]	-0.407 [0.446]
<i>2nd hour (dummy)</i>	2.405*** [0.395]	0.004 [0.003]	0.035 [0.026]	-0.022 [0.030]
<i>3rd hour (dummy)</i>	3.151*** [0.395]	0.003 [0.003]	-0.014 [0.026]	-0.015 [0.030]
<i>4th hour (dummy)</i>	3.848*** [0.395]	0.001 [0.003]	-0.027 [0.026]	0.005 [0.030]
<i>5th hour (dummy)</i>	4.380*** [0.395]	-0.001 [0.003]	-0.013 [0.026]	0.035 [0.030]
<i>6th hour (dummy)</i>	5.584*** [0.457]	0.000 [0.003]	-0.046 [0.030]	0.054* [0.030]
<i>7th hour (dummy)</i>	5.044*** [0.457]	0.001 [0.003]	-0.081*** [0.030]	0.066** [0.030]
<i>Female (dummy)</i>	0.383 [0.614]	-0.002 [0.002]	0.046*** [0.014]	0.024 [0.093]
<i>Age in years</i>	-0.157 [0.173]	0.000 [0.000]	-0.001*** [0.000]	0.039 [0.024]
<i>Age in years squared</i>	0.001 [0.002]	0.000 [0.000]	0.026 [0.057]	0.000 [0.000]
<i>Black (dummy)</i>	-0.94 [0.712]	0.004 [0.003]	-0.087 [0.061]	-0.035 [0.106]
<i>High school maximum (dummy)</i>	1.852** [0.769]	-0.002 [0.003]	-0.087 [0.061]	-0.318 [0.122]
<i>Bachelor's degree maximum (dummy)</i>	2.476*** [0.941]	0.000 [0.004]	-0.121 [0.075]	-0.392 [0.140]
<i>Positive reciprocity (dummy)</i>	0.604 [0.552]	-0.002 [0.002]	-0.016 [0.044]	0.146* [0.074]
<i>Observations</i>	495	479	479	356
<i>R-squared</i>	0.338	0.019	0.232	0.276

- a. All regressions contain random effects
- b. Standard errors in brackets
- c. Significance: \*=10%, \*\*=5%, \*\*\*=1%

Note: Table 3 shows linear regressions of each dimension of productivity (column) on various controls (rows) in the positive reciprocity treatment, i.e., where workers are surprised by receiving higher than the market wage. See the notes in Table 2 for the definitions of each productivity and control variable. Each regression contains data from a \$8/hr baseline and the positive reciprocity data. The variable 'positive reciprocity' is the treatment dummy. The \$8/hr baseline is generated by pooling 1-day-8 and 2-day-8 data, with the exception of recording errors, where the baseline is only 2-day-8. See Table 1 for treatment definitions.

TABLE 4  
Regression Results: Negative Reciprocity

Dependent variable	Letters/hour	Critical errors/envelope	Non-critical errors/envelope	Recording errors/envelope
<i>Constant</i>	8.532*** [2.276]	-0.003 [0.012]	-0.174 [0.203]	-0.161 [0.379]
<i>2nd hour (dummy)</i>	2.511*** [0.356]	0.000 [0.004]	0.018 [0.028]	-0.008 [0.030]
<i>3rd hour (dummy)</i>	2.992*** [0.356]	-0.001 [0.004]	0.002 [0.028]	-0.028 [0.030]
<i>4th hour (dummy)</i>	3.423*** [0.356]	0.001 [0.004]	-0.005 [0.028]	-0.021 [0.030]
<i>5th hour (dummy)</i>	3.840*** [0.356]	0.001 [0.004]	0.008 [0.028]	-0.008 [0.030]
<i>6th hour (dummy)</i>	4.764*** [0.412]	-0.005 [0.005]	-0.029 [0.032]	-0.023 [0.030]
<i>7th hour (dummy)</i>	3.924*** [0.412]	-0.004 [0.005]	-0.032 [0.032]	-0.019 [0.030]
<i>Female (dummy)</i>	-0.162 [0.516]	-0.005 [0.003]	-0.048 [0.047]	0.117 [0.092]
<i>Age in years</i>	-0.111 [0.107]	0.001 [0.001]	0.020** [0.010]	0.011 [0.017]
<i>Age in years squared</i>	0.001 [0.001]	0.000 [0.000]	-0.000* [0.000]	-0.000 [0.000]
<i>Black (dummy)</i>	-0.554 [0.689]	0.005 [0.004]	0.012 [0.062]	0.155 [0.138]
<i>High school maximum (dummy)</i>	1.571** [0.639]	-0.007** [0.004]	0.016 [0.057]	-0.204* [0.122]
<i>Bachelor's degree maximum (dummy)</i>	2.524*** [0.779]	-0.005 [0.004]	-0.054 [0.070]	-0.376*** [0.146]
<i>Negative reciprocity (dummy)</i>	-0.901* [0.500]	0.001 [0.003]	-0.059 [0.045]	0.144* [0.084]
<i>Observations</i>	496	481	481	358
<i>R-squared</i>	0.28	0.029	0.114	0.163

- a. All regressions contain random effects
- b. Standard errors in brackets
- c. Significance: \*=10%, \*\*=5%, \*\*\*=1%

Table 4 shows linear regressions of each dimension of productivity (column) on various controls (rows) in the negative reciprocity treatment, i.e., where workers are surprised by receiving a wage lower than they expected. See the notes in Table 2 for the definitions of each productivity and control variable. Each regression contains data from a \$8/hr baseline and the negative reciprocity data. The variable 'negative reciprocity' is the treatment dummy. The \$8/hr baseline is generated by pooling 1-day-8 and 2-day-8 data, with the exception of recording errors, where the baseline is only 2-day-8. See Table 1 for treatment definitions.

TABLE 5  
Regression Results: Piece Rates (PR)

Baseline Treatment	Pooled \$8 1-day-PR	Pooled \$8 2-day-PR	Pooled \$8 Pooled PR	Pooled \$8 Pooled PR	1-day-8 Pooled PR	2-day-8 Pooled PR
Dependent variable	Letters /hour	Letters /hour	Critical errors/letter	Non-critical errors/letter	Recording errors/letter	Recording errors/letter
<i>Constant</i>	8.696*** [2.800]	11.325*** [3.107]	-0.010 [0.023]	-0.241 [0.242]	-0.163 [0.028]	-0.025 [0.029]
<i>2nd hour (dummy)</i>	2.430*** [0.458]	2.632*** [0.425]	-0.002 [0.006]	0.004 [0.027]	0.001 [0.028]	0.007 [0.029]
<i>3rd hour (dummy)</i>	3.114*** [0.458]	3.026*** [0.425]	0.005 [0.006]	0.001 [0.027]	0.004 [0.028]	0.032 [0.029]
<i>4th hour (dummy)</i>	3.532*** [0.458]	3.895*** [0.425]	-0.008 [0.006]	-0.049* [0.027]	0.006 [0.028]	0.028 [0.029]
<i>5th hour (dummy)</i>	4.301*** [0.460]	3.711*** [0.425]	-0.004 [0.006]	-0.052* [0.027]	0.027 [0.028]	0.032 [0.029]
<i>6th hour (dummy)</i>	N/A	5.176*** [0.503]	-0.008 [0.007]	-0.039 [0.035]	N/A	0.062* [0.035]
<i>7th hour (dummy)</i>	N/A	3.799*** [0.503]	-0.008 [0.007]	-0.054 [0.035]	N/A	0.046 [0.035]
<i>Female (dummy)</i>	-0.663 [0.615]	0.202 [0.649]	-0.002 [0.005]	-0.035 [0.053]	-0.006 [0.102]	-0.050 [0.086]
<i>Age in years</i>	-0.172 [0.150]	-0.262 [0.175]	0.000 [0.001]	0.0271** [0.013]	0.034 [0.027]	0.016 [0.020]
<i>Age in years squared</i>	0.001 [0.002]	0.002 [0.002]	0.000 [0.000]	0.000* [0.000]	0.000 [0.000]	0.000 [0.000]
<i>Black (dummy)</i>	0.297 [0.690]	-1.900** [0.789]	0.009 [0.006]	0.034 [0.062]	-0.093 [0.119]	-0.053 [0.102]
<i>High school maximum (dummy)</i>	2.288*** [0.701]	2.651*** [0.766]	-0.007 [0.006]	-0.021 [0.063]	-0.089 [0.122]	-0.208** [0.102]
<i>Bachelor's degree maximum (dummy)</i>	2.632*** [0.843]	3.361*** [0.929]	0.000 [0.007]	-0.129* [0.074]	-0.193 [0.142]	-0.327** [0.116]
<i>Piece rate (dummy)</i>	0.331 [0.527]	0.877 [0.601]	0.010** [0.004]	0.015 [0.045]	-0.030 [0.092]	0.176** [0.072]
<i>Observations</i>	394	470	577	577	374	454
<i>R-squared</i>	0.256	0.333	0.052	0.102	0.040	0.164

a. All regressions contain random effects

b. Standard errors in brackets

c. Significance: \*=10%, \*\*=5%, \*\*\*=1%

Table 5 shows linear regressions of each dimension of productivity (column) on various controls (rows) in the piece-rate treatments. See the notes in Table 2 for the definitions of each productivity and control variable. Each regression contains data from a \$8/hr baseline and the piece-rate data. The variable 'piece rate' is the treatment dummy. Pooled \$8 denotes a pooling of 1-day-8 and 2-day-8 data. Pooled PR denotes a pooling of 1-day-piece and 2-day-piece.

FIGURE 1  
Room Layout

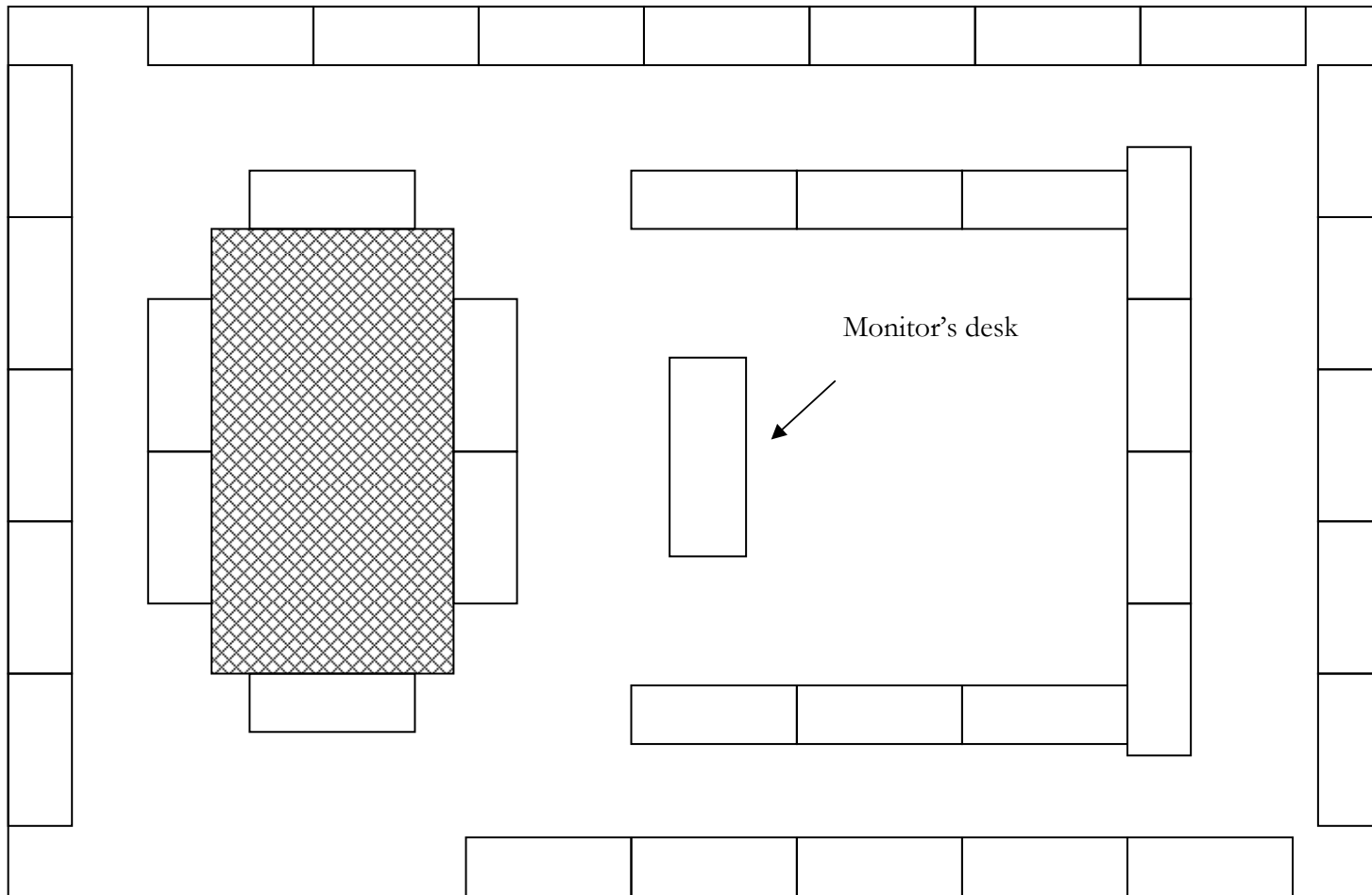


Figure 1 shows the seating arrangement. The monitor's desk is where the supplies were stored too. Desks were approximately 6 feet wide and were outward facing.

FIGURE 2  
Envelopes Packed by Treatment

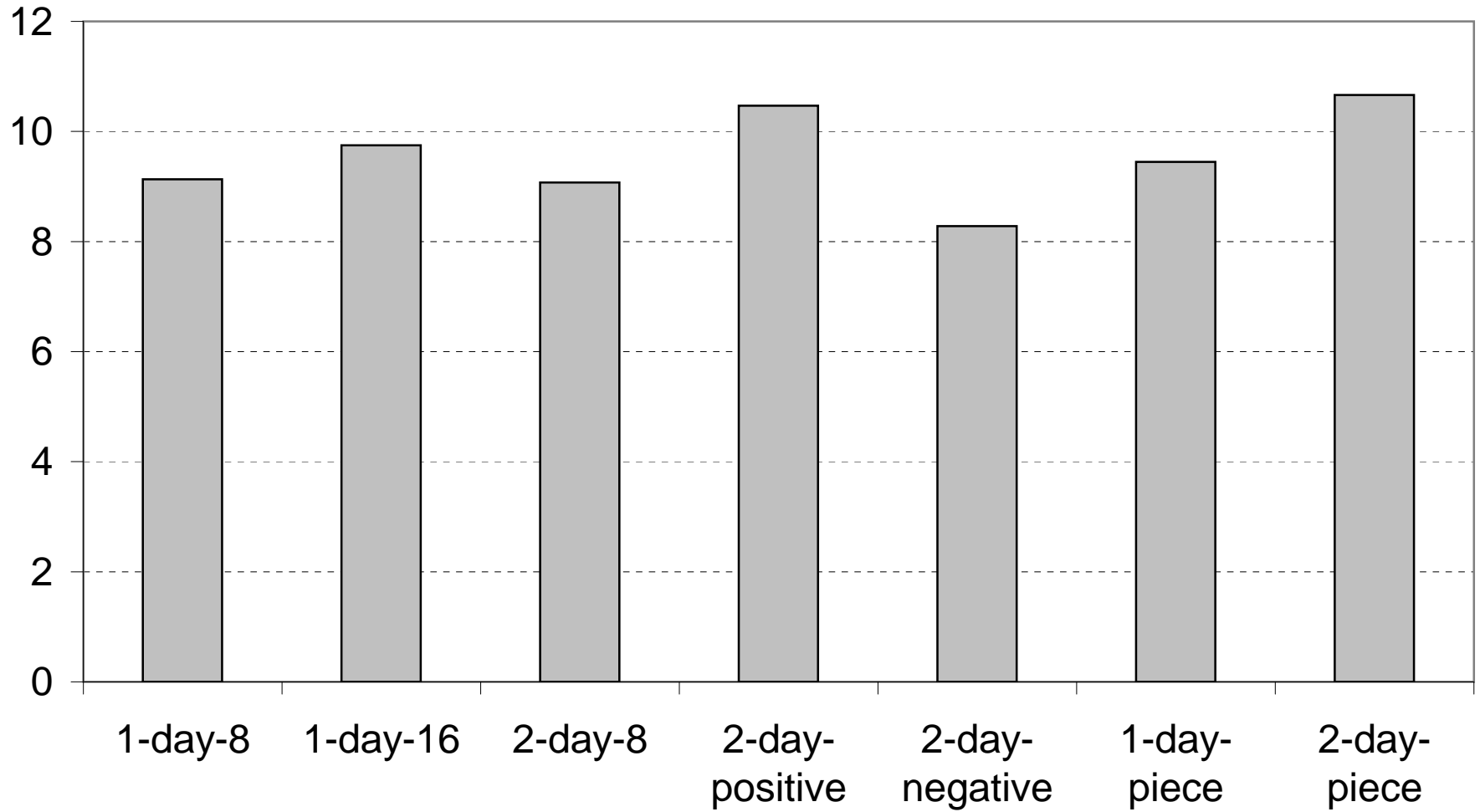


FIGURE 3  
Envelopes Packed by Hour: Reciprocity Treatments

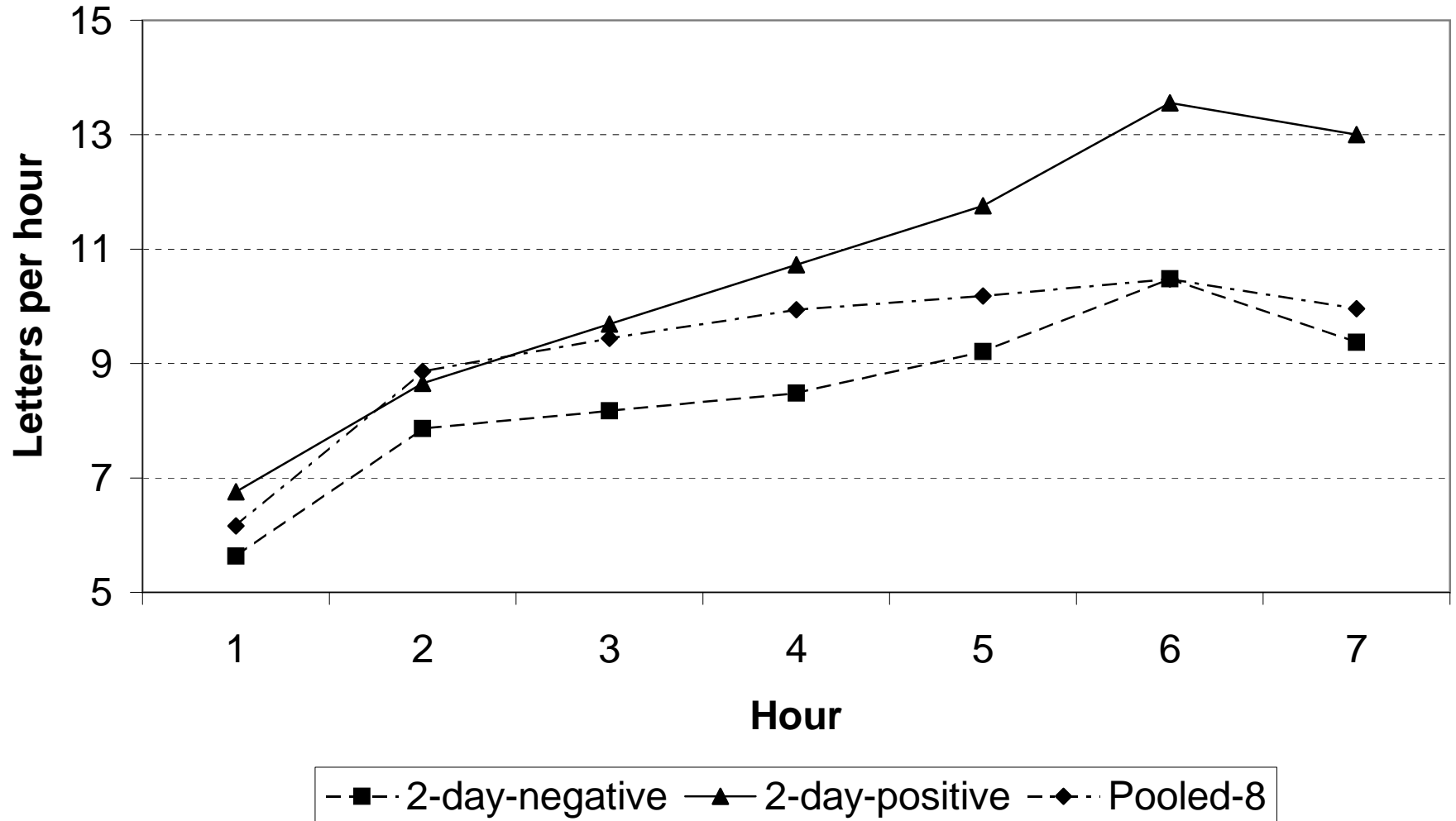


FIGURE 4  
Envelopes Packed by Hour: Piece-Rate Treatments

