

Supplementary Material

Table 5: Some Summary Statistics on Subject Characteristics

Experimental Treatment						
	mean	std. dev.	median	min	max	n
<i>female</i> (1 if yes; 0 otherwise)	0.27	0.45	0	0	1	88
<i>age</i>	19.60	1.43	19	17	26	88
Control Treatment						
	mean	std. dev.	median	min	max	n
<i>female</i> (1 if yes; 0 otherwise)	0.27	0.45	0	0	1	48
<i>age</i>	19.46	1.06	19	18	22	48

Figure 2: Distribution of Votes in the Experimental Treatment

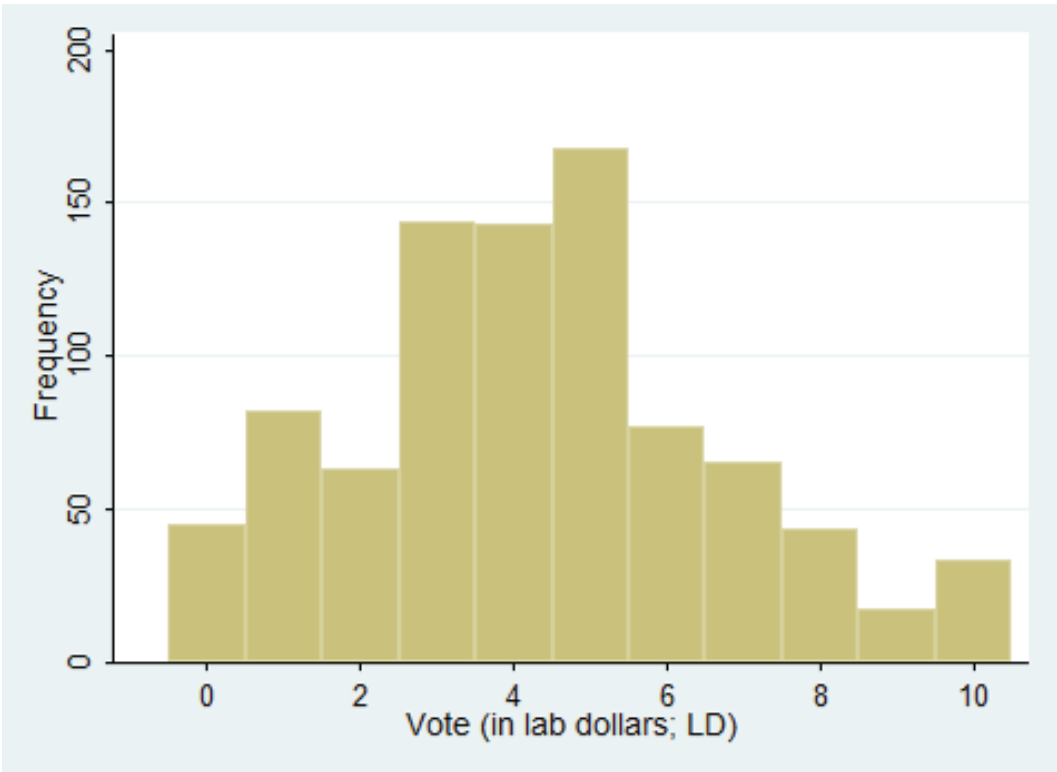


Figure 3: Distribution of Contributions in the Experimental Treatment

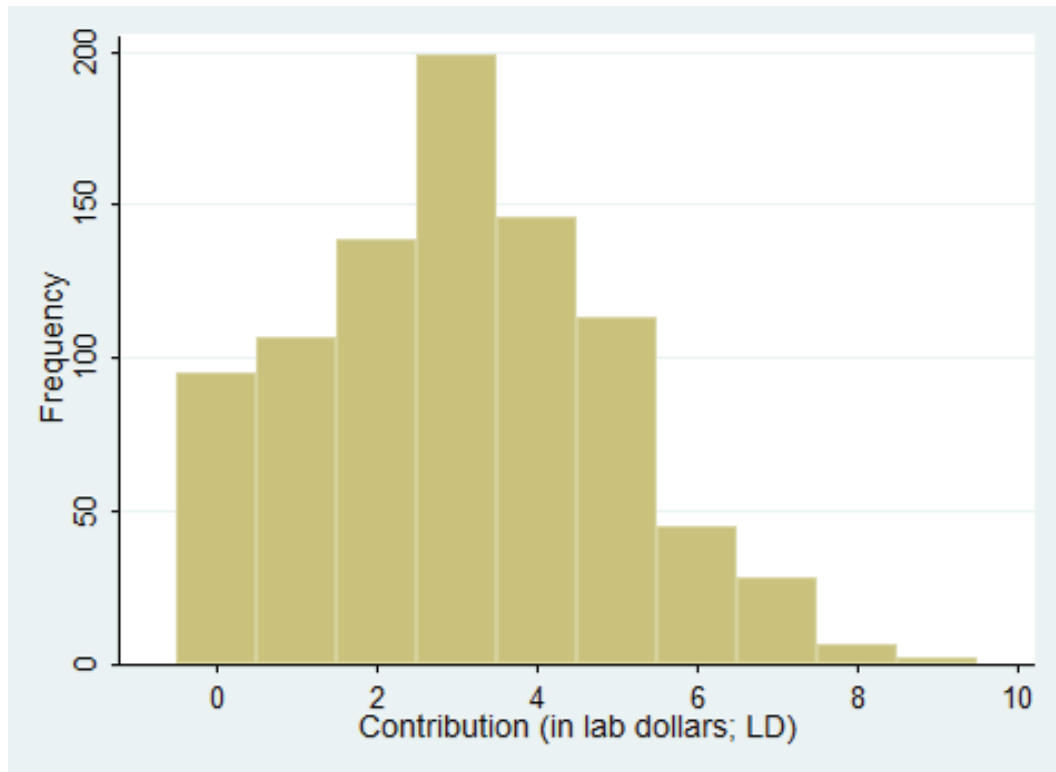


Figure 4: Distribution of Contributions in the Control Treatment

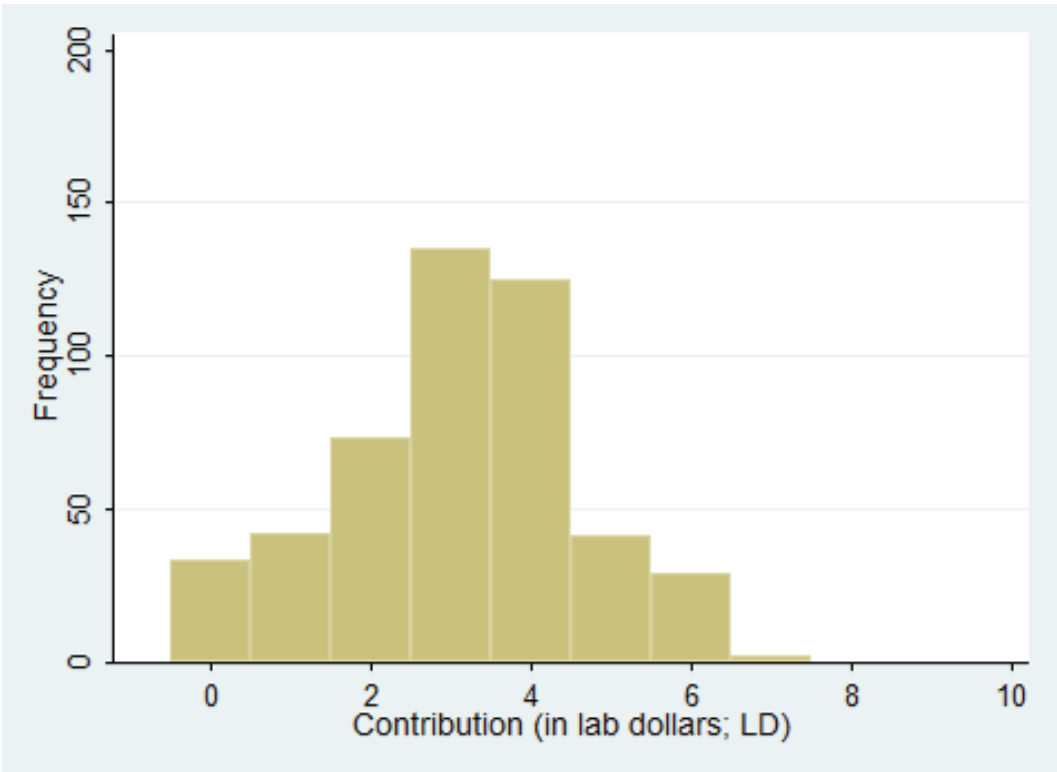
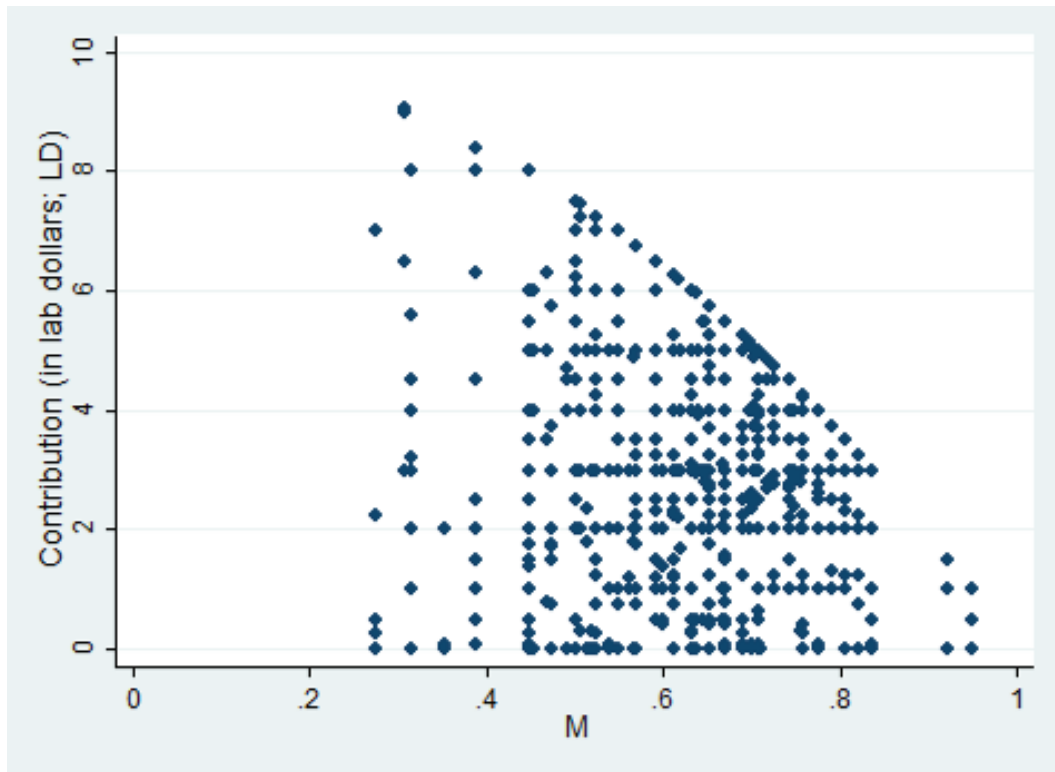


Figure 5: Scatterplot of Contributions on M in the Experimental Treatment



Instructions - *Experimental Treatment*

This is an experiment in decision-making. Decisions result in monetary payoffs to be paid in cash at the end of the experiment. Payments are considered compensation for the time and effort put into making decisions. The experiment lasts a total of about 45 minutes.

Please refrain from speaking with others during the experiment. If you have any questions, raise your hand and an experimenter will assist you.

You will be randomly assigned to a group of 4 people. Since the assignment occurs over the computer network, you will not know which other people in the room have been assigned to the same group as you.

The experiment consists of 10 rounds of decision-making. Each round has 2 stages: the investment stage and the contribution stage. I will start by explaining the contribution stage and then come back to the investment stage in a few minutes.

The contribution stage proceeds as follows:

1. Each person begins the contribution stage with a certain amount of money (denoted in lab dollars; LD). The exact amount will be explained in a few minutes.
2. Each person must decide how much of his/her money to contribute to the “group account.” Contributions may include up to 2 digits after the decimal point. Any amounts not contributed to the group account are simply kept by the person.
3. The contributions of your 4 group members will be added up and each person will receive M times the sum of the 4 contributions. Therefore, the payoffs of each person in each round will be: amount kept + $M * (\text{sum of contributions})$. So let’s say that each person begins the stage with 8 LD, each person keeps 4 LD and contributes 4 LD, and M is 0.5. Each person’s payoff will be: $4 + 0.5 * (4 + 4 + 4 + 4) = 12$ LD.
4. M is a number between 0 and 1, so for each LD that you contribute to the group account, you personally will get less than 1 LD back. However, each other person in

your group will also receive M LD as a result of your contribution. Similarly, you will benefit from the contributions that your group members make. This is the incentive to make contributions.

The contribution stage occurs after the investment stage. The purpose of the investment stage is to determine the value of M in the contribution stage. The investment stage proceeds as follows:

1. Each person receives 10 LD.
2. Each person votes on how many LD each person in his/her group will invest in M . Each person in your group will invest the same amount. M is determined according to the following equation: $M = \sqrt{0.1 * investment}$ where *investment* is the amount invested by each person. So if the investment amount is 2.5 LD, M will be $\sqrt{0.1 * 2.5} = \sqrt{0.25} = 0.5$. If the investment amount is 4.9 LD, M will be $\sqrt{0.1 * 4.9} = \sqrt{0.49} = 0.7$. Two special cases are that $investment = 0 \rightarrow M = 0$ and $investment = 10 \rightarrow M = 1$.
3. Here's how the voting works: Each person enters an investment amount between 0 LD and 10 LD (inclusive; up to 1 digit after the decimal point is allowed). The highest and lowest votes are dropped and the investment amount is the average of the 2 middle votes. Thus, if the votes are 1, 2, 3 and 4, the investment amount will be 2.5 LD. If the votes are 0, 4, 4 and 7, the investment amount will be 4 LD.
4. The investment amount is subtracted from each person's 10 LD, and he/she begins the contribution stage with the amount that remains. If the investment amount is 3 LD, each person will begin the contribution stage with 7 LD. If the investment amount is 10 LD, each person will have 0 LD left, and will have no money left to contribute in the contribution stage.

Each of the 10 rounds follows exactly the same process. The groups of 4 are fixed for the whole sequence of 10 rounds. At the end of the 10 rounds, payoffs from the 10 rounds will

be added up and converted to real money at a rate of $1 \text{ LD} = 0.1 \text{ USD}$. This amount will be added to a \$5 show-up fee to determine your final earnings.

You will be asked some demographic questions and also to provide some contact information. Payments will be made in a private manner.

Let me briefly summarize the experiment in the order that each stage will occur:

1. You will be randomly and anonymously assigned to a group of 4 over the computer network.
2. You will complete 10 rounds of decision-making in these groups.
3. You start each round with 10 LD.
4. In the investment stage, you vote over how much each member of your group will invest in M .
5. Your group's investment in M determines M in the contribution stage.
6. You begin the contribution stage with 10 LD less the investment level that your group chose.
7. You decide how much to contribute to the group account.
8. The sum of your group members' contributions to the group account are multiplied by M and added to any money that you kept to determine your payoff in the round.
9. After the 10 rounds, payoffs are added up and converted to real money.

Are there any questions?

Screenshots - *Experimental Treatment*

Figure 6: Voting Screen

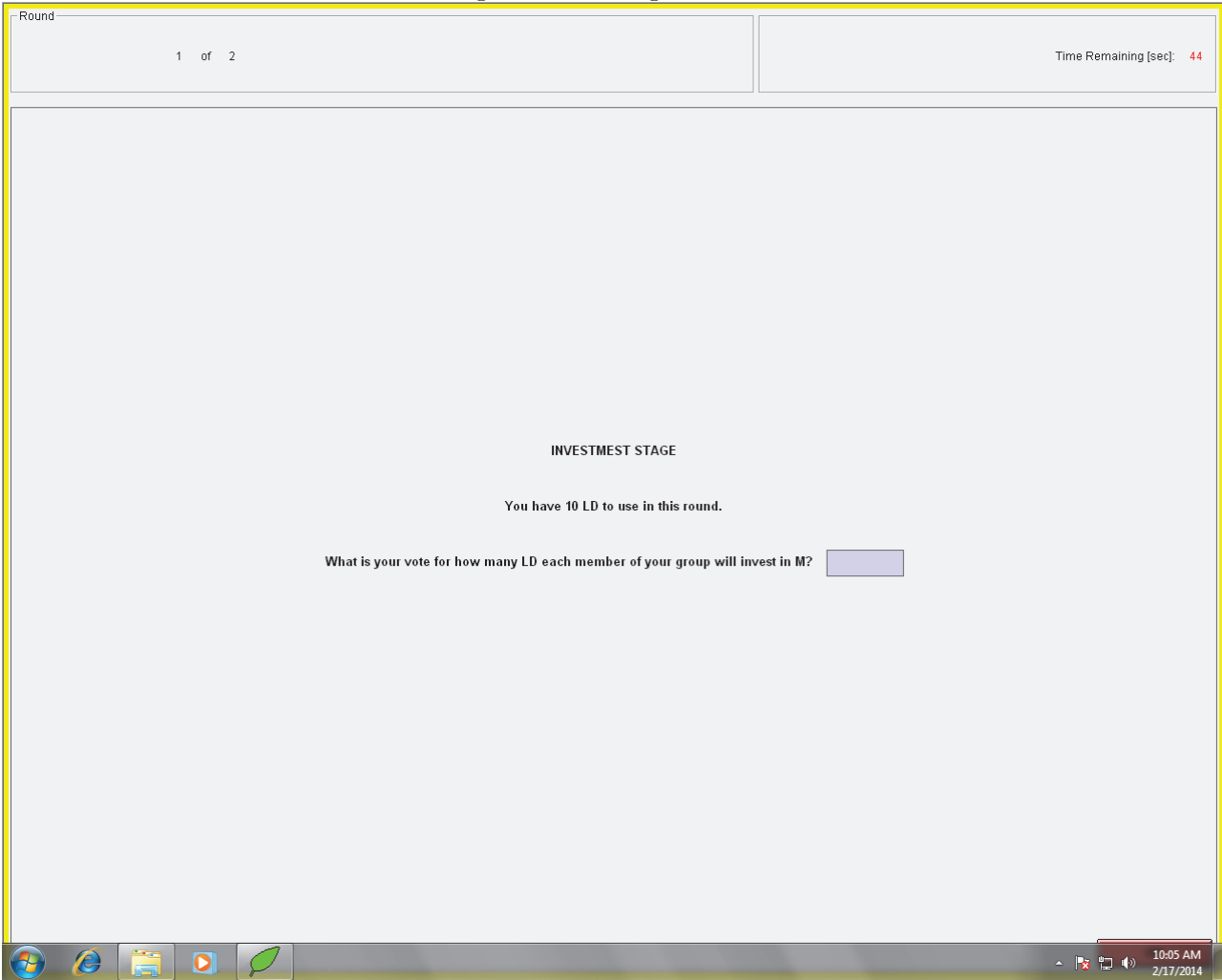


Figure 7: Investment Stage Feedback

Round

1 of 2

Time Remaining [sec]: 47

INVESTMENT STAGE - FEEDBACK

Based on the votes of your 4 group members, your group's investment level in this round is: 3.60

Your group's M during the contribution stage will be: 0.60

Based on your group's investment level, the number of LD that you have remaining is: 6.40




Figure 8: Contribution Stage

Round

1 of 2

Time Remaining [sec]: 53

CONTRIBUTION STAGE

As a reminder, your group's M in this round is: 0.60

After making the investment in M, you now have the following number of LD: 6.40

How much of this amount would you like to contribute to the group account?

10:07 AM
2/17/2014

Figure 9: Contribution Stage Feedback

Round

1 of 2

Time Remaining [sec]: 49

CONTRIBUTION STAGE - FEEDBACK

The total amount that the 4 members of your group contributed to the group account was:	16.00
Your payoff from the group account (which depends on M) is:	9.60
The amount of money that you kept was:	2.40
Your payoff in this round is:	12.00

10:08 AM
2/17/2014

Instructions - *Control Treatment*

This is an experiment in decision-making. Decisions result in monetary payoffs to be paid in cash at the end of the experiment. Payments are considered compensation for the time and effort put into making decisions. The experiment lasts a total of about 45 minutes.

Please refrain from speaking with others during the experiment. If you have any questions, raise your hand and an experimenter will assist you.

You will be randomly assigned to a group of 4 people. Since the assignment occurs over the computer network, you will not know which other people in the room have been assigned to the same group as you.

The experiment consists of 10 rounds of decision-making. Each round has 2 stages: the information stage and the contribution stage. I will start by explaining the contribution stage and then come back to the information stage in a few minutes.

The contribution stage proceeds as follows:

1. Each person begins the contribution stage with a certain amount of money (denoted in lab dollars; LD). The exact amount will be explained in a few minutes.
2. Each person must decide how much of his/her money to contribute to the “group account.” Contributions may include up to 2 digits after the decimal point. Any amounts not contributed to the group account are simply kept by the person.
3. The contributions of your 4 group members will be added up and each person will receive M times the sum of the 4 contributions. Therefore, the payoffs of each person in each round will be: amount kept + $M * (\text{sum of contributions})$. So let’s say that each person begins the stage with 8 LD, each person keeps 4 LD and contributes 4 LD, and M is 0.5. Each person’s payoff will be $4 + 0.5 * (4 + 4 + 4 + 4) = 12$ LD.
4. M is a number between 0 and 1, so for each LD that you contribute to the group account, you personally will get less than 1 LD back. However, each other person in

your group will also receive M LD as a result of your contribution. Similarly, you will benefit from the contributions that your group members make. This is the incentive to make contributions.

The contribution stage occurs after the information stage. The purpose of the information stage is (1) to inform you of how much money you will receive to use in the round, and (2) to inform you of your group's M for the round.

1. Each person will receive money in each round. The amount typically varies from round to round. However, in each round, every member of your group will receive the same amount.
2. Your group's M will vary from round to round. Every member of your group will receive the same information about M .

Each of the 10 rounds follows exactly the same process. The groups of 4 are fixed for the whole sequence of 10 rounds. At the end of the 10 rounds, payoffs from the 10 rounds will be added up and converted to real money at a rate of $1 \text{ LD} = 0.1 \text{ USD}$. This amount will be added to a \$5 show-up fee to determine your final earnings.

You will be asked some demographic questions and also to provide some contact information. Payments will be made in a private manner.

Let me briefly summarize the experiment in the order that each stage will occur:

1. You will be randomly and anonymously assigned to a group of 4 over the computer network.
2. You will complete 10 rounds of decision-making in these groups.
3. At the start of each round, you will be informed of how much money you will receive to use in the round and of your group's M for the round.
4. You decide how much of your money to contribute to the group account.

5. The sum of your group members' contributions to the group account are multiplied by M and added to any money that you kept to determine your payoff in the round.
6. After the 10 rounds, payoffs are added up and converted to real money.

Are there any questions?

Screenshots - *Control Treatment*

Figure 10: Information Stage

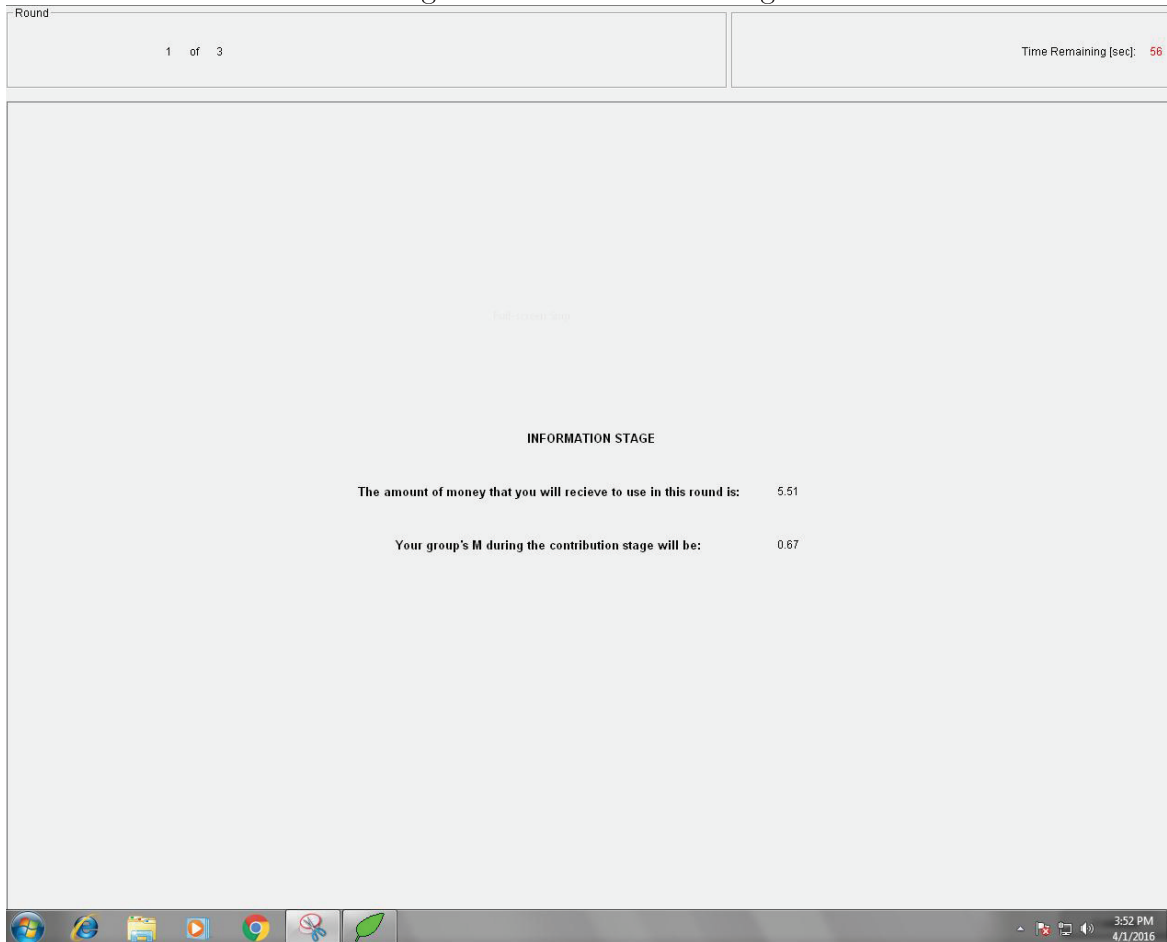


Figure 11: Contribution Stage

Round

1 of 3

Time Remaining [sec]: 43

CONTRIBUTION STAGE

As a reminder, your group's M in this round is: 0.67

You have the following number of LD: 5.51

How much of this amount would you like to contribute to the group account?

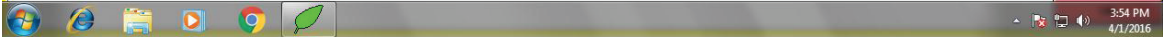


Figure 12: Contribution Stage Feedback

Round

1 of 3

Time Remaining [sec]: 40

Full-screen Stop

CONTRIBUTION STAGE - FEEDBACK

The total amount that the 4 members of your group contributed to the group account was:	10.40
Your payoff from the group account (which depends on M) is:	6.97
The amount of money that you kept was:	3.21
Your payoff in this round is:	10.18

3:55 PM
4/1/2016