

Appendix (For Online Publication): Instructions for TOP Treatment

INSTRUCTIONS

In this experiment you will be placed in a group of **5 participants** (including you). You will remain in the same group for the entire experiment. The experiment will consist of **20 periods**. At the end of the experiment **2 out of 20** periods will be randomly selected for payment. After you have completed all periods two tokens will be randomly drawn out of a bingo cage containing tokens numbered from **1 to 20**. The token numbers determine which two periods are going to be paid in the game.

Each period you will be given **80 francs**. Francs will be converted to U.S. dollars at the end of the experiment at the rate of **20 francs = \$1**. Each period you will be asked to decide how many francs you want to allocate to a **Group Account**. You may allocate any integer number of francs between **0** and **80**. The remainder will be automatically allocated to your **Individual Account**.

EARNINGS

After all participants have made their decisions, your earnings for the period are calculated. These earnings will be converted to cash and paid at the end of the experiment if the current period is the period that is randomly chosen for payment. Your earnings consist of two parts:

- 1) Your earnings from the **Individual Account**
- 2) Your earnings from the **Group Account**

Your earnings from the Individual Account equal to the francs that you keep for yourself and do not depend on the decisions of others. Therefore, for **every franc** you keep for yourself in your Individual Account, you earn **1 franc**.

Your earnings from the Group Account depend on the total number of francs allocated to the Group Account by all 5 group members (including you). In particular, your earnings from the Group Account are **40 percent** of the **total allocation of all 5 group members** (including you) to the Group Account. Therefore, for every franc you allocate to the Group Account, you increase the total allocation to the Group Account by 1 franc. Therefore, your earnings from the Group Account rise by $0.4 \times 1 = 0.4$ francs. And the earnings of the other group members also rise by 0.4 francs each, so that the total earnings of the group from the Group Account rise by 2.4 francs.

In summary, your period earnings are determined as follows:

$$\begin{aligned} \text{Your earnings} &= \text{earnings from the Individual Account} + \text{earnings from the Group Account} = \\ &= 80 - (\text{your allocation to the Group Account}) + 0.4 \times (\text{allocation of 5 group members to the Group Account}) \end{aligned}$$

Example: Suppose that you allocated 40 francs to the Group Account and that the other four members of your group allocated a total of 120 francs. This makes a total of 160 francs in the Group Account. In this case each member of the group receives earnings from the Group Account of $0.4 \times 160 = 64$ francs. In addition, you also receive 40 francs from your Individual Account since you have kept 40 francs to your Individual Account.

OUTCOME SCREEN

At the end of each period, your allocation and the sum of all allocations in your group are reported on the outcome screen as shown below. To aid you in your calculation, you are also shown your earnings from your individual account and your earnings from the group account. Once the outcome screen is displayed you should record your results for the period on your **Personal Record Sheet** under the appropriate heading.

The photos and names of each member of your group will be displayed on the top of your screen at all times. At the end of each period, the photos of all group members will be re-arranged by the number of francs allocated to the Group Account in that period.

The allocations will be **ranked** from highest allocation to lowest allocation, and the amount of each group member's allocation will be listed on the screen.

RANKING

You will see the top **two** ranked group members, and their names and photos will be listed below their ranking. The **ranking** corresponds to the number of tokens allocated in that period within the group. The member with the highest allocation in the group will be given the ranking of #1, the group member with the second-highest allocation will be given the ranking of #2. The ranking will be displayed above the photo of the member. If you are one of the top two **ranked** members, you can find your own **ranking** by finding the number above your photo/name.