

Experimental Instructions

Welcome to the second part of the experiment.

You and the same 15 others participants from the first part have been assigned to a second experimental condition.

The second part is very similar to the first part with the following modification. The perfect sorting is now replaced with noisy sorting.

Group matching.

In general, groups are formed by ranking each individual transfer to the group account, from the highest to the lowest. Group 1 is generally composed of those participants who transferred the most to the group account; Group 4 is generally composed of those who transferred the least to the group account. The other groups (2 and 3) are between these two extremes.

However, the sorting process is *noisy by design*; contributing more will increase a participant's chances of being in a higher ranked group, but a high ranking is not guaranteed.

Technical note- The noisy ranking and sorting is implemented with the following process:

Step 1: Preliminary ordering.

A preliminary list is created in which transfers to the group account are ranked from highest to lowest. In case two or more individuals transfer the same amount, their relative position in the ranking will be decided randomly.

Step 2: Noisy ordering.

From every participant's actual transfer to the group account, we obtain a unique noisy contribution by adding an i.i.d. (independent and identically distributed) normal variable with mean 0 and variance 20. The noisy contributions are then ranked from 1 to 16 from highest to lowest, and a final list is created.

Step 3: Group matching.

Based on the final list created at Step 2 (the list with noise), the first 4 participants on that list form Group 1, the next 4 people in the list form Group 2, the third 4 people in the list form Group 3, and the last 4 people form Group 4.

All the rest stays the same, and you can refer to the instructions of the first part as a reference.

Final Earnings

The final earnings for the whole experiment are given by the sum of your earnings for Part 1 and Part 2.

An example is given on the back of this sheet.

Example

The table below shows an example round with noisy sorting with variance level equal to 20.

Compare it closely with the table given as example in the first part of the experiment, and try to understand the differences.

Player ID	Group	Transfer to group account	Transfer to personal account	Total to group account	Amount returned to player	Total earnings for the round
7	1	14	6	64	32	38
6	1	13	7	64	32	39
14	1	16	4	64	32	36
4	1	8	12	64	32	44
1	2	14	6	51	25.5	31.5
3	2	20	0	51	25.5	25.5
8	2	11	9	51	25.5	34.5
11	2	19	1	51	25.5	26.5
10	3	17	3	46	23	26
12	3	7	13	46	23	36
16	3	6	14	46	23	37
5	3	16	4	46	23	27
9	4	10	10	18	9	19
2	4	1	19	18	9	28
13	4	5	15	18	9	24
15	4	2	18	18	9	27

Additional examples are provided in a separate sheet for your own reference.