

Online Appendix A Test questions

In this appendix, we show the test questions that we used to test how well the subjects understood the instructions. The experiment consisted of three tasks, and we asked test questions at the end of task 1 and task 2.

The first four test questions of Part 1 addressed the general workings of the tournament setup. It asked about the number of group members, when a round was won, how to read the cost table, and how the random number worked. Regarding the latter, in the instructions we showed the distribution function that was used for the session, and subjects were informed of its consequences – the probability of getting a positive draw (between 0 and 100), and the probability of getting a negative draw (between -100 and 0). The last question tested our subjects' understanding of this information.

The questions for Part 2 were similar to those of Part 1. We aimed to test how well the subjects understood the changes in the instructions.

For the sessions with $n = 3$, we measured how well the subjects performed. The table below shows the percentage of questions that were answered correctly, before the experimenters went by to point out to the subjects which part of the instructions they should reread in case they made a mistake. The data show that the vast majority of the subjects have no problems with answering the test questions.

Session	Part 1	Part 2
D3D2	98.33	100.00
U3U2	98.00	100.00
I3I2	95.00	100.00
D2D3	95.00	99.17
U2U3	96.67	98.89
I2I3	97.78	100.00

Test Questions Part I

- 1) With how many other participants do you form a group? _____
- 2) Please circle the correct option. If my Revenues in a round are equal to 5 points, this means that in that round

- a. my Decision Number must have been higher than that of each of the two other members of my group.
 - b. my Random Number must have been higher than that of each of the two other members of my group.
 - c. the sum of the Decision Number and the Random Number of each of the two other members of my group was not higher than the sum of my Decision Number and my Random Number.
- 3) If the Decision Number I choose is 100, then my Decision Costs are _____ points.
- If the Decision Number I choose is 50, then my Decision Costs are _____ points.
- If the Decision Number I choose is 50 and the Random Number I receive is 25, then my Decision Costs are _____ points.
- 4) Please circle the correct option. The Random Number that is generated:
- a. is more likely to be negative (that is, the probability is larger than 50%),
 - b. is equally likely to be negative or positive,
 - c. is more likely to be positive (that is, the probability is larger than 50%).
- 5) The probability that (i) all three members of my group receive a negative Random Number, PLUS the probability that (ii) I receive a positive Random Number and at least one other participant in my group also receives a positive Random Number, is ____%.

Test questions for Part II

- 1) With how many other participants do you form a group in Part II? _____
- 2) Please circle the correct option. The Random Number that is generated:
- a. is more likely to be negative (that is, the probability is larger than 50%),
 - b. is equally likely to be negative or positive,

c. is more likely to be positive (that is, the probability is larger than 50%).

3) The probability that both I and the other member of my group receive a similar Random Number (the probability that both receive a negative Random Number, PLUS the probability that both receive a positive Random Number), is _____%.