

Online Appendix

Rent Extraction and Prosocial Behavior

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Table A1: Contributions to Organizations in Different Samples (Part 1)

	Control			Rent Extraction			Neutral
	Sample 1	Sample 2	Pooled	Sample 1	Sample 2	Pooled	Sample 1
A: Administrators Benefit from Contributions							
Mean Contribution Rate in %	24.8 (24.0)	16.9 (18.9)	20.0 (21.3)	11.9 (16.8)	11.7 (16.3)	11.8 (16.5)	16.8 (20.3)
Observations	72	114	186	78	114	192	60
B: Administrators Do Not Benefit from Contributions							
Mean Contribution Rate in %	29.1 (22.5)	11.9 (17.2)	21.9 (22.0)	23.7 (25.8)	16.9 (21.4)	21.0 (24.2)	12.2 (13.5)
Observations	42	30	72	45	30	75	12

Note: The table shows mean contribution rates in the Basic Rent-Extraction Game (Part 1) in the CONTROL, the RENT EXTRACTION and the NEUTRAL condition in different samples. Sample 1 consists of all contributors who participated both in the Basic Rent-Extraction (Part 1) and the Extension of the Basic Game (Part 2). Sample 2 consists of contributors who participated only in the Basic Rent-Extraction Game (Part 1). Panel A displays mean contribution rates in the cases in which the administrator benefits from contributions through actively extracting a rent (RENT EXTRACTION and NEUTRAL condition) and via passively receiving the variable component (CONTROL condition). Panel B presents mean contribution rates in the CONTROL, the RENT EXTRACTION and the NEUTRAL condition, considering cases in which the administrator does not benefit from contributions. Standard deviations in parentheses.

Table A2: Treatment Effects on Contributions: Rent Extraction vs Control (Part 1)

<i>Admin Benefits from Contributions</i>	Yes			No		
	Sample 1	Sample 2	Pooled	Sample 1	Sample 2	Pooled
Difference in Mean Contributions	-12.9	-5.2	-8.2	-5.4	5.0	-0.9
<i>p</i> -value OLS	0.000	0.026	0.000	0.304	0.322	0.808
<i>p</i> -value Mann-Whitney <i>U</i>	0.000	0.039	0.000	0.131	0.193	0.549
Observations	150	228	378	87	60	147

Note: The table shows how the RENT EXTRACTION treatment impacts contribution rates (relative to the CONTROL group) in the Basic Rent-Extraction Game (Part 1), considering the two different samples separately. Sample 1 consists of all contributors who participated both in the Basic Rent-Extraction and the Extension of the Basic Game. Sample 2 consists of contributors who participated only in the Basic Rent-Extraction Game. We implemented the NEUTRAL condition only in Sample 1. The first three specifications compare contributions of subjects who face an administrator who extracts a rent (RENT EXTRACTION treatment) with those who face an administrator who receives a variable component passively (CONTROL condition). The last three specifications compare the behavior of contributors with administrators who do not extract a rent (RENT EXTRACTION treatment) to the one of contributors with administrators who do not receive a variable component (CONTROL condition). The table also reports *p*-values of OLS regressions (no controls, robust) and Mann-Whitney *U*-tests. All the results are robust to including control variables (such as gender, field of study, dummy for experience in laboratory experiments, and age) and to using Tobit models.

Table A3: Contribution in Part 2 if Administrators Do Not Benefit from Contributions

	Control	Rent Extraction	
	New Admin	New Admin	Old Admin
Mean Contribution Rate in %	25.8 (21.4)	19.8 (23.3)	24.2 (17.4)
Observations	42	39	6

Note: The table shows mean contribution rates in groups in which the administrator does not benefit from contributions. Observations are from Sample 1 (sample in which individuals participated in both parts of the game) for the Extension of the Basic Game in the CONTROL NEW ADMIN condition, the RENT EXTRACTION NEW ADMIN condition and the RENT EXTRACTION OLD ADMIN condition. Standard deviations in parentheses.

INSTRUCTIONS FOR THE BASIC RENT-EXTRACTION GAME

Instructions for the RENT-EXTRACTION condition. CONTROL condition instructions replace the **highlighted text** with the (grey text in brackets).
Changes due to implementation in different labs denoted with [*cursive text in square brackets*].

Welcome to the experiment, we are grateful for your participation. Today's session has two parts. You will receive instructions for each part separately. Please read the instructions carefully.

If you have any questions, please raise your hand. The experimenter will come to your place and answer your questions. From now on any kind of communication with other participants is forbidden. Please turn off your mobile phone. During the experiment it is not allowed to take notes.

The goal of the experiment is to assess economic decision behavior. You can earn money with your participation. You will receive 4 Euro [*6 Euro*] as a participation fee. During the experiment you can earn additional money. Your additional earnings depend on your behavior and the behavior of the other participants. During the experiment, money will be displayed in ECU (experimental currency Units) with an exchange rate of 1 Euro = 10 ECU. You will receive your total earnings after the experiment is over in cash.

Participants will not be informed on the identity of other participants, on others' role in the experiment or earnings. The data will be analyzed anonymously.

EXPERIMENT

FIRST PART

ROLES

Every participant is assigned a role, either Contributor or Administrator. The roles are randomly assigned at the beginning of the experiment and do not change during the experiment. All participants are treated equally in role assignment. Every participant will be informed about her role at the beginning of the experiment.

GROUPS

All participants are randomly assigned into independent groups. Each group consists of three Contributors and one Administrator.

PROCEDURE

The experiment has six steps. You decide only once, there are no repetitions.

Step	Contributor	Administrator
1)	Receipt of endowment	Receipt of fix compensation
2)	Selection of one Organization	Decision on expropriation of payments (Random selection of variable component)
3)	Information about the Administrator's decision (variable component)	-
4)	Payment to organization	-
5)	-	Administration of payments
6)	Calculation of payoff for all participants, organizations and payment	

STEP 1: RECEIPT OF ENDOWMENT / FIX COMPENSATION

Contributors receive an endowment of 100 ECU.

The Administrator receives a fix compensation of 100 ECU for the administration of payments.

STEP 2: SELECTION OF ONE ORGANIZATION

All Contributors select one organization as recipient of a possible payment. Contributors of the same group can select different organizations. Payments during the experiment will be transferred to the selected organizations.

All organizations provide services for students of the University of Erlangen-Nuremberg / University of Munich. On the following, you find a list with a brief description of the organizations' activities.

Organizations	Activities
Fachschaftsinitiative (FSI) [<i>Wasti e.V.</i>]	Students' Union of the Department of Business and Economics Sciences, politics, events, parties, student counseling
Studentenvertretung (RCDS)	Students' Union of the Department of Business and Economics Sciences, politics, events, parties, student counseling
AIIESEC	Placement and counseling for international exchanges and international internships, intercultural tutoring
START [<i>Academy Consult</i>]	Projects and information-events for encouraging students interested in business creation, stipends, workshops [<i>Consulting by students, placement of consulting projects in firms, workshops and seminars</i>]
Studentenwerk	Cafeteria, residence, student-credit helpdesk, psychological and psychotherapeutic counseling, legal and social advice

STEP 2: DECISION ON EXPROPRIATION OF PAYMENTS

(RANDOM SELECTION OF VARIABLE COMPONENT)

The Administrator decides actively on whether to expropriate 10% of the payments in addition to her fix compensation or not (The compensation of the Administrator includes a fix component of 100 ECU and a variable component. She has no influence on the structure of her compensation. For the group, one of the following alternatives will be randomly selected with a certain probability):

Expropriation (Variable component): For the administration of payments, the Administrator receives a fix compensation of 100 ECU. The Administrator decides actively to expropriate 10% of contributors' payments to the organizations in addition to her fix compensation (and 10% of the payments). The payment amount that remains after extraction of the 10%, are doubled and transferred to the selected organizations. Thus the organizations receive the double of the remaining payments.

No expropriation (No variable component): For the administration of payments, the Administrator receives a fix compensation of 100 ECU. The Administrator decides actively not to expropriate 10% of the contributors' payments to the organizations in addition to the fix compensation. The entire payments amount are doubled and transferred to the selected organizations. Thus the organizations receive the double of the payments.

STEP 3: INFORMATION ABOUT THE ADMINISTRATOR'S DECISION (VARIABLE COMPONENT)

All Contributors are informed about the decision of the Administrator (whether the Administrator receives a variable component or not).

STEP4: PAYMENT TO ORGANIZATION

Each contributors in a group can pay an amount of her endowment to the selected organization in step 2 (0 and 100 are also possible).

STEP 5: ADMINISTRATION OF PAYMENTS

The Administrator allocates the payments of the contributors in her group to the selected organizations. A mechanism assures that no errors occur.

STEP 6: PAYOFF OF ALL PARTICIPANTS AND ORGANIZATIONS

The payoff of the contributors, administrator and organizations are calculated as follows. For simplification, payments will be rounded to whole ECU amounts.

CONTRIBUTOR	
	Endowment
	- Payment to Organization
	=====
	Payoff
ADMINISTRATOR	
<u>No expropriation</u> (No variable component)	<u>Expropriation</u> (Variable component)
Fix compensation	Fix compensation
	+ 10% of payments
=====	=====
Payoff	Payoff
ORGANIZATION	
<u>No expropriation</u> (No variable component)	<u>Expropriation</u> (Variable component)
2* (Sum of all payments to the organization)	2* (Sum of all payments to the organization)
	- 10% of payments)
=====	=====
Payoff	Payoff

After all experiments are over, we will inform you about the payments to the different organizations per e-mail. Please be aware, that this can take several weeks.

INSTRUCTIONS FOR THE EXTENSION OF THE BASIC GAME IF ADMINISTRATORS BENEFITED FROM CONTRIBUTIONS IN THE FIRST PART

Instructions for the RENT-EXTRACTION-NEW-ADMIN condition. Instructions for the RENT-EXTRACTION-OLD-ADMIN condition replace the **highlighted text** with the [*cursive text in squared brackets*]. Changes in the instructions for the CONTROL-NEW-ADMIN condition are denoted with the (grey text in brackets).

EXPERIMENT

SECOND PART

GROUPS

Each group consists of the three same Contributors as in part one and one new [the same] Administrator. Thus the Contributors [*and the Administrator*] were members of the same group in part one. Contributors are assigned to a new Administrator for the second part. The old Administrator does not participate in the second part anymore.

NEW ADMINISTRATOR

The new Administrator did not participate in part one neither as Contributor nor as Administrator. She could not observe the decisions of the old Administrator or of Contributors. The payoff of the new Administrator in part one was equal to the first-part payoff of the old Administrator.

PROCEDURE

The second part of the session has five steps.

Step	Contributor	Administrator
1)	Receipt of endowment	Receipt of fix compensation
2)	Selection of one Organization	-
3)	Payment to organization	-
4)	-	Administration of payments
5)	Calculation of payoff for all participants, organizations and payment	

Contributors receive an endowment of 100 ECU and the Administrator receives a fix compensation of 100 ECU. All Contributors select one organization as recipient of a possible **payment** from the known list of organizations. Subsequently, each **Contributor in a group decides** on an amount of their endowment to be paid to the selected organization in step 2. Then the **Administrator** allocates the payments of the Contributors in her group to the organizations. Finally, the payoffs are calculated as follows:

Administrator: For the administration of payments, the Administrator receives [*again*] a fix compensation of 100 ECU and 10% of payments as a variable component. Thus the Administrator **cannot actively decide [again]** on receiving 10% of payments or not (Thus there is no random selection of the variable component) but rather she receives the variable component with certainty.

Contributor: The payoff of Contributors equals their endowment minus their payment to the selected organization.

Organizations: The Contributors' payment amount that remains after extraction of the 10% are doubled and transferred to the selected organizations. Thus the organizations receive the double of the remaining payments.